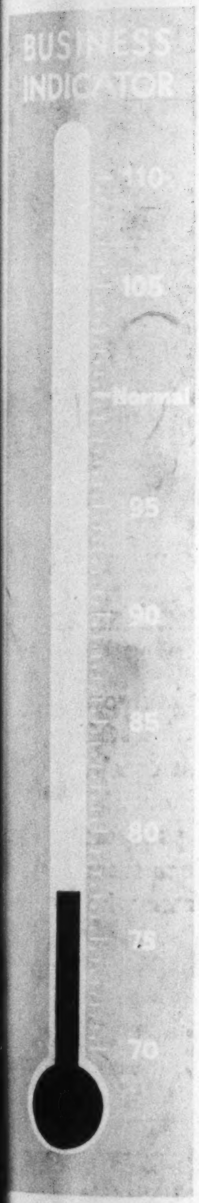
DEC 16 1930

DEC 17, 1930

THE BUSINESS WEEK



Week by week business bumps along the rocky bottom of the valley looking forward grimly to the new year, expecting nothing more of this one, and getting it . . . . The last months of depression are the toughest, but so is business sentiment by that time, and it becomes pretty hard to disappoint it any more . . . . The general level of activity still fluctuates around the deadline, dipping again in the week ended December 6 from 80.3% of normal to 77.1%. Basic industrial production continues to decline, along with freight movement, while retail trade rises, all according to the calendar, but hardly according to the requirements of a merry Christmas . . . . What lies beyond the turn of the year becomes no easier to see clearly. Salvage crews are working hard to prop up or clear away some of the financial wreckage left by the tidal wave of deflation . . . . The wave has not altogether subsided. Commodity prices not moored to government funds have been washed down a bit farther. The bond market has been seriously weakened by receding investment confidence and lack of Federal Reserve support . . . Despite the most liquid banking position in a decade, the deadly contraction of credit continues. With a Congress in chaos, with the decisive international cooperative action necessary to check deflation perilously postponed, never has the need for aggressive economic statemanship been more imperative and its absence more evident.

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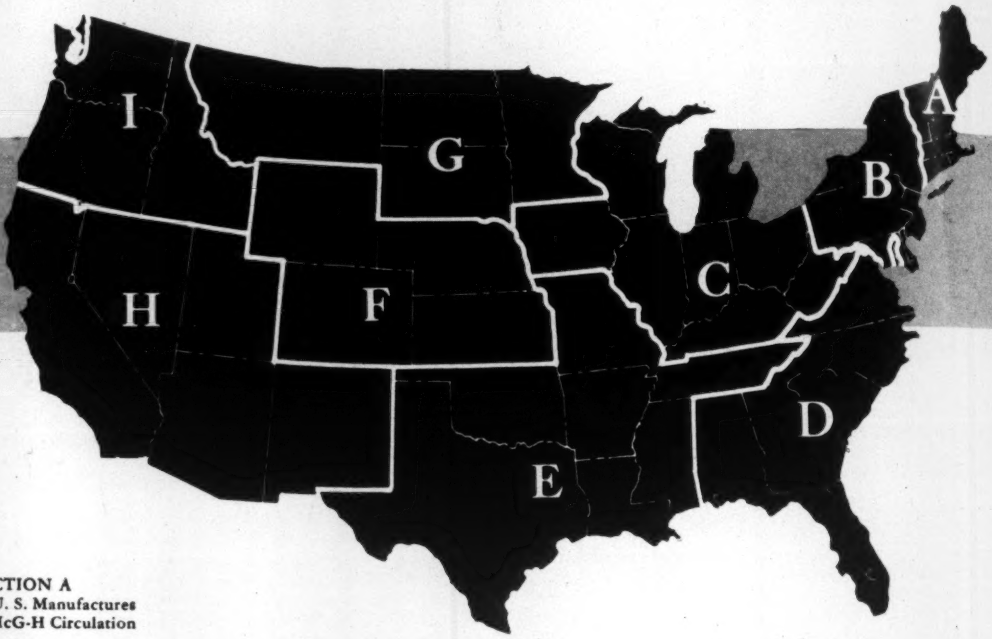

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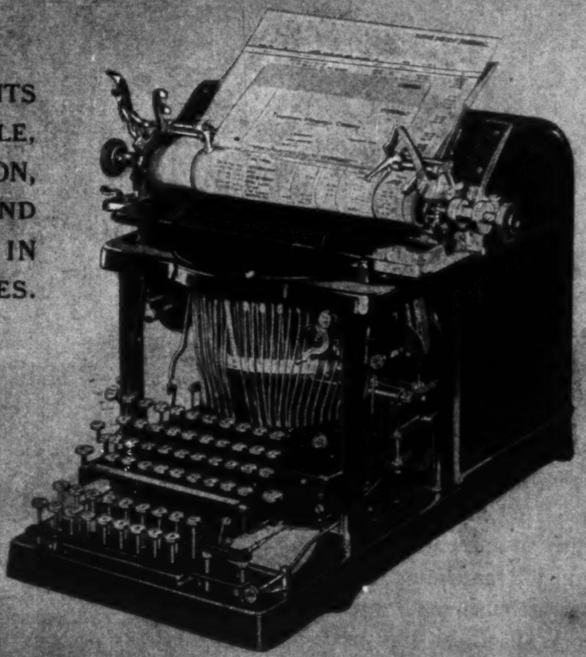

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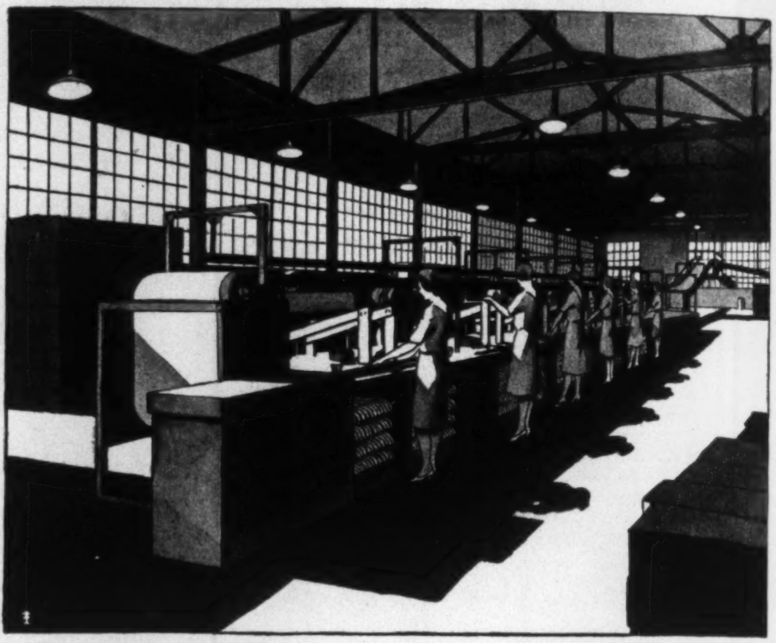

Moving above assembly and packing benches, a Mathews Belt Conveyer carries cartons of automobile bumpers to a Mathews Gravity Roller Conveyer which delivers to the freight cars. Installation at U. S. Chain & Forging Company, McKees Rocks, Pa.

When business ripped along with both feet on the accelerator, roundabout handling methods were not so painfully prominent . . . perhaps because the jolts and bumps of excessive costs were cushioned by a set of good shock absorbers, big production and generous profits.

But today, the detour signs are coming down. Everywhere, executives have had more time to scan cost figures . . . to realize the extreme importance of a direct right-of-way over which production may travel rapidly, safely and at minimum cost . . . . and many of these men, planning for the future as well as for the present, have selected Mathews Conveyer Systems as their new production routes.

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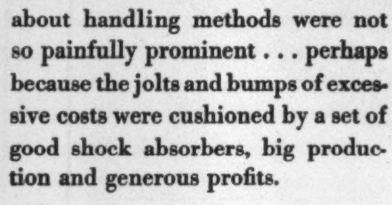

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What's In This Issue —And Why

New Line in Woolens

TEXTILE companies traditionally have emphasized production, finance. American Woolen Co. startles the industry by putting sales-minded men in command. Times change—and markets! *(page 5)*

Container vs. Trailer

FREIGHT container service creeps westward slowly; has just reached Chicago, to meet Insull's ingenious l.c.l. interurban trailer. *(page 6)*

Bigger, Better Tanks

TANK cars now hold 11,000 gallons; new ones will hold 22,000—an answer to gasoline pipe lines. *(page 6)*

Lumber Gets a Board

To study the problems of the lumberman, and of the forests, President Hoover names the National Timber Conservation Board. *(page 18)*

Small Homes Funds

BUILDING and loan associations in most states report mortgage money available, demand fair to good and increasing. But there are startling exceptions. *(page 20)*

Red, But Not Ethyl

BALTIMORE gets a cargo of Soviet gasoline—cheap. The first of a parade of tankers? *(page 12)*

WHILE London furriers are stupefied when Russia sells dressed, dyed furs cheaper than raw pelts. *(page 24)*

Captain $

BIG doings in Newport News, where Mrs. Hoover christens a great ship for the line with the famous "$" on its funnels. But the Captain wasn't there; he's in China, scurrying for cargoes—at 87. *(page 22)*

Hoover Reserve Board

VACANCIES give the President the opportunity of making the Federal Reserve Board reflect his policies. Bankers will watch appointments closely to get a cue. *(page 13)*

Unemployment

RELIEF measures go forward; thoughtful business men give more attention to fundamental causes, permanent cure. *(page 14)*

CONGRESS boils with bills, some good, many bad, all urged as business cures. *(page 15)*

Wheat

CANADIAN wheat pools reorganize their selling; put a grain man in charge. *(page 16)*

WORLD statistics, compiled in Rome, show big wheat surpluses. *(page 16)*

Traffic Diplomacy

So the New Haven calls it—the Yale influence, perhaps? But the I.C.C. asks just as many embarrassing questions as when the rough Chicago roads called it something else. *(page 7)*

Locomotives—on Instalments

BALDWIN works on a plan to sell locomotives on 30 semi-annual payments. *(page 8)*

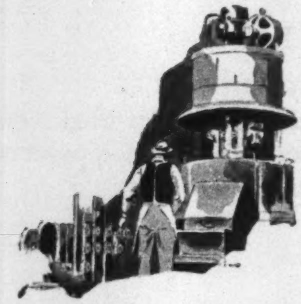
Detroit Plus

LARGEST steel user, the automobile industry isn't going to pay Pittsburgh plus, or any other town plus, prices. Steel sensibly moves to Detroit. *(page 11)*

Now for Beets

CUBAN and Dutch cane sugar growers reach agreement on the Chadbourne stabilization plan (with the Dutch driving a hard bargain). Now will the beet growers sign? *(page 24)*

from DOLLAR CLOCKS . . .



. . *to* MOTOR CARS

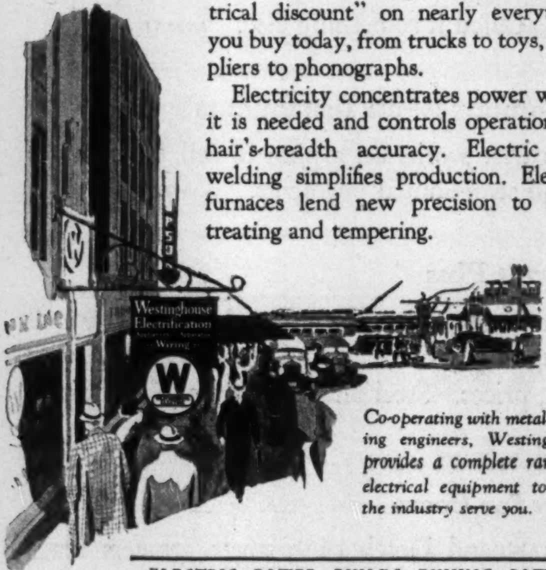
the Metal Worker gives you an Electrical Discount

Eagerly, merrily, in thousands of factories, strange-looking metal shapes tumble out of amazing machines. Into one end goes a raw piece of metal. Out of the other end come gears, bolts, brackets, base plates . . . or what you will. These mass-production machines, plus the electric motors that drive them, make it possible nowadays for moderate incomes to afford automobiles and radios, as well as the leisure to enjoy them.

Take these electrically driven machines off the production lines and in nearly every case the cost of the finished product would be vastly increased. The metal worker thus gives you an "electrical discount" on nearly everything you buy today, from trucks to toys, from pliers to phonographs.

Electricity concentrates power where it is needed and controls operations to hair's-breadth accuracy. Electric arc-welding simplifies production. Electric furnaces lend new precision to heat-treating and tempering.

Tune in the Westinghouse Salute over WJZ and the coast-to-coast N. B. C. network, every Tuesday evening.



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THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending December 13, 1930

American Woolen Co. Chooses Sales-Minded Management

Improved Marketing Its Next Great Step In Its Come-back to Its Old, Proud Place

Its production problems licked, its finances vastly improved, American Woolen Co., largest enterprise of the kind in the world, turns to marketing improvement as the next great step in its come-back to its old, proud place. That is the meaning of its new executive set-up.

William B. Warner, president of McCall Co., publishers of women's styles magazines, becomes chairman of the executive committee. Lionel J. Noah, vice-president and general merchandise manager of Gimbel Brothers, Philadelphia, becomes president. Mr. Warner from his publishing experience knows advertising, modern merchandising methods, business management. Mr. Noah has had a long career in merchandising, with Gimbel's; J. L. Hudson Co., Detroit; Lord & Taylor, New York. He organized the Associated Merchandising Corp. and the buying division of the Retail Research Association.

Sales-minded management thus makes impressive entry into an industry heretofore essentially production-minded.

Buying Habits Change

More rapid style changes, a well entrenched practice of hand-to-mouth buying have forced manufacturers of woolens to change their tactics. Large quantity orders from large makers of clothes are passé. To prevent heavy losses, new goods are made up in smaller lots, retailer and consumer reaction is awaited before larger quantities are put through the plant. Many important retailers have established their own factories where production is closely synchronized to demand.

Wholesalers and retailers are no longer willing to get caught with large lots of out-styled merchandise. Makers of cloth can no longer depend upon a semi-annual buying season to keep their mills busy. They are compelled to study consumer buying, feel the pulse of style changes, interpret trend and have available for immediate delivery quantities of the materials that are selling best. Inability to deliver on call means the loss of the business.

Incidentally one of the factors that is expected materially to assist in promoting sales of the company's fabrics is a new process of moth-proofing, just perfected, and about to be marketed under the "Ram's Head" brand.

Organized in 1899, the American Woolen Co. rapidly achieved dominance both through extension of its own facilities and acquisition of other mills. It attained a peak in development and profitable operation in 1922 when operating income reached the unprecedented total of \$9½ millions. Declining prices and rapidly decreasing sales cut the income down to less than half that in 1924, thus precipitating somewhat of a crisis in the company's affairs.

Changes in 1925

At the demand of many stockholders Wm. M. Wood, president of the company since 1905, resigned in January, 1925. Andrew G. Pierce, Jr., was elected to succeed him. Mr. Pierce had been connected with the company from its inception. At this time it had 58 plants, operated 1,184 carding machines, 479 combing machines, 10,852 looms, 825,242 spindles, employed 43,000.

Under Mr. Pierce's leadership invest-

Wide World

HONORED BY OXFORD

J. Pierpont Morgan (left) with Dr. Holmes Duddon, the vice-chancellor of Oxford University, when the former received a degree ment in plants has been reduced by $7 millions, accounts receivable by $9 millions, inventories by $26 millions, notes payable by $11 millions. Current liabilities were brought down from the peak of $24 millions in 1925 to $1⅓ millions in 1929. Thus with its present cash reserve of $17 millions the company is in a sound financial position. Annual sales volume approximates $100 millions. Recent information indicates that at present 23 mills with 6,836 looms are in production, either on full or part time; 24 mills with 3,185 looms are closed down.

Production has been concentrated in its larger plants, automatic machinery has taken the place of obsolete equipment.

Moses Pendleton, for many years in charge of manufacturing operations, wool buying, becomes first vice president and continues as general manager, thus insuring that the fullest benefits of the company's improved position in its production departments will accrue to the new regime.

William B. Warner approaches the new job with enthusiasm but he is not going to turn everything upside down. "I would not attempt to forecast changes," he says. "We do not intend to disturb existing practices until careful consideration has developed what appears to be a better method. If changes seem necessary in present methods of distribution and marketing, they will be made only after we are sure the new way will be an improvement over the old. We hope to continue to do well the things the company now does well and try to improve where improvement is needed. One great help is that Mr. Pierce has put the company in an unusually sound and liquid position."

He will not say anything about his hopes and aspirations. He is as reticent about his past accomplishments as he is about his future plans. It was possible to pry out of him the information that he has worked since boyhood and did not go to college; that he spent his freshman years with Edson, Moore & Co., Inc., wholesale dry goods merchants, Detroit, running errands, sweeping floors, handling packing cases, running the elevator and doing other miscellaneous chores.

Keystone

Owen D. Young

Just returned from Europe, he has "nothing to say" on war debts and reparations. He does believe, however, that this country should "do everything possible to ease the world-wide strain"

L.C.L. Containers Speed Up Chicago Freight Deliveries

L.C.L. CONTAINERS have finally reached Chicago. Chicago & North Western inaugurated container service between Chicago and Milwaukee on Dec. 3. Heretofore, such service has been available in 14 Eastern cities, of which Cleveland is westernmost. No container service is offered as yet between Cleveland and Chicago.

Door-to-door service is provided. Rates are low. A typical charge for one container carrying 10,000 pounds of freight, Chicago to Milwaukee, is $30, which includes pickup and delivery. Two containers are handled for about the same price as one. The reason for this is that rates are competitive with those charged by Chicago, North Shore & Milwaukee, Insull-owned electric line, for moving freight between Chicago and Milwaukee in its 20,000-pound trailers.

This trailer service was really the first use of the container principle in the Chicago area. It has been offered for about 4 years. Three rubber-tired trailers are run on a flat car over a ramp. Tractors move them over city streets from shipper to terminal and from terminal to consignee. Door-to-door price for 10,000 pounds of freight is 30¢ per hundred, $30; for 20,000 pounds, 20¢, or $40. About 25 trailers are in use. Electric railways of other cities have been making inquiries.

Containers used by North Western are of the type manufactured by L.C.L. Corp. The inventor was Alfred H. Smith, New York Central president, who was killed by a fall from a horse in Central Park, New York, a few years ago. Had he lived another decade he might have seen some surprising developments in the use of his idea.

10 Advantages Cited

Six containers are handled on a gondola car. They are loaded and unloaded by electric lift trucks. The empty container wights 3,000 pounds, has a capacity of 417 cubic feet. Inside dimensions 8 ft. 10 in. long, 6 ft. 8 in. wide, 7 ft. 1 in. high. The container stands on 4 legs, looks like a big icebox.

Chicago and North Western cites the following advantages: (1) eliminates packing and classification requirements; (2) reduces shipping costs; (3) will provide bill of lading from store-door to store-door; (4) needs no intermediate handling of goods; (5) insures prompt service; (6) provides flexible service to meet requirements of the L.C.L. shipper; (7) reduces possibility of damage; (8) offers protection from inclement weather; (9) eliminates possibility of pilfering; (10) fits into modern transportation requirements.

Larger Tank Cars Answer To Pipe Line Challenge

THE railroads are getting ready to meet the "menace" of the gasoline pipe lines. American Car & Foundry Co. and the General American Tank Car Corp. are now hard at work on plans for larger tank cars. These cars will materially decrease the cost of hauling gasoline. They will have a capacity of 22,000 gallons, double that of the average car now in use; will be 48 feet long instead of 35.

There have been previous isolated attempts to develop larger cars. The Canadian Pacific operates some of 14,500 gallons capacity; the Santa Fe of 16,000 gallons. Because of clearance necessities these cars have been restricted to the lines of their owners.

Reciprocal Buying Becomes "Traffic Diplomacy" in East

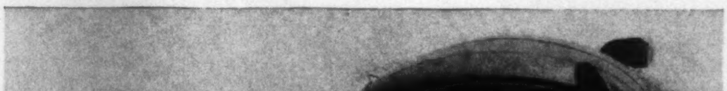
But Abuses Are Just as Bad as on Western Railroads And New Haven Executive Says It Doesn't Pay

After a month's recess following 3 weeks of hearings in Chicago (*The Business Week*, Oct. 22, Nov. 5) the government has resumed its reciprocity investigations—this time in the East—with a hearing in New Haven, Conn., last week and another in New York City this week. The Interstate Commerce Commission is digging into new territory to find how, how far, and with what effect (1) manufacturers use the traffic they own or control to influence railway buying; (2) railroads use their purchasing power to influence the routing of traffic over their lines.

The resumption of these hearings dispels any doubt regarding the sweeping character of the investigations and the determination of the commission to see just what reciprocity is and what it is doing to transportation.

It would take 2 days to read the letters and other records which the investigators of the commission dug out of the files of the New York, New Haven & Hartford for the 2 days' hearing in the Connecticut city. There were over 2,000 pieces of such evidence to be clipped into the records with the colorful testimony of New Haven officers.

The New Haven claims the reciprocity activities of that road started with the shipper. The evidence adds that 3 or 4 years ago the road's vice-president of purchasing began to write everybody on his list of bidders on the subject of traffic routing; that business men were given to understand that New Haven's purchases would be influenced by the relative amount of *competitive* traffic it got from bidders; that it was interested, not in the business it would get anyway, but in the available tonnage that was being, or could be, shipped over other lines.



The Business Week—San Francisco Bureau

All Aboard for Automobiles

When the mountain roads are blocked with snow, motorists can use the "steam heated highway"—Southern Pacific's automobile baggage service. The charge for the 150 miles between Sacramento, California, and Reno, Nevada, is $15, and cars and passengers travel on the same train

New Haven's reciprocity policy is still in operation. C. E. Smith, present vice-president of purchasing, calls it "traffic diplomacy." He told the commission that "traffic diplomacy" meant doing everything necessary to keep shippers friendly other than accepting materials of inferior quality or paying higher prices. If a favored shipper puts too high a price on supplies needed by the railroad, he gets the chance to meet lower bids; is often told how much to come down.

On the O'Hara List

The New Haven is a long way from Chicago, but one pack of letters showed that this road was among those which Richard O'Hara, traffic manager of Swift & Co., persuaded to buy draft gear (shock absorbers for cars) from a company which he and the Swifts owned—over the protests of the roads' mechanical experts.

The New Haven also took one of Mr. O'Hara's 20-year contracts with the Continental Ice Co. Mr. Campbell, recently retired head of traffic for the New Haven, frankly said the road had not given any consideration to abandoning its own natural ice facilities for artificial ice until the Continental people raised the question; until Mr. O'Hara, with others, had pointed out that there were millions of revenue behind the backers of the Continental—among whom were named Swift & Co. and the International Harvester Co. He added that he was led to act upon promises of increased traffic from Swift & Co. and the threat that, if the New Haven didn't sign up, Boston & Maine probably would. But the traffic evidently did not materialize.

Others Did It

The road claims to have a reason for its reciprocity activities outside of the desire to please shippers. It was losing traffic to other roads practising reciprocity—also to other forms of transportation. For instance, in 1925 the road bought certain locomotives from Westinghouse Manufacturing Co., whereupon the General Electric Co. started a fleet of trucks in New England to handle local business which would otherwise go New Haven. New Haven's vice-president of purchasing called on General Electric's vice president. The embargo was called off. A short time later the Allleghany Steel Co., from which the electrical firm was buying supplies, was ordered to route one-third of its traffic over the New Haven.

A few years ago the Sherwin-Williams Co. began routing its traffic against the New Haven. Then, New Haven orders for S-W paint brought a change of heart.

President Farrell of U. S. Steel Corp. had some correspondence with, and a subsequent visit from, New Haven's vice-president of purchasing. Bethlehem Steel Co. began to get fewer, U. S. Steel Co. more, orders for New Haven supplies.

Departmental Reciprocity

In 1928, New Haven couldn't get any traffic from Willys-Overland. When the traffic department found the trouble to be a failure of the road to buy paint from the Mountain States Varnish Co., it called on the purchasing department, and that little matter was soon corrected.

Mr. Campbell's conclusion on New Haven "traffic diplomacy" is that it doesn't really pay; that, if it brings traffic gains at some points, it also brings losses at others; that it would be a good thing if reciprocity buying were discontinued, providing all the roads discontinued together.

During the hearing on the New Haven, the examiner for the I.C.C. asked some highly significant questions: What the purchasing department thought of the applicability of purchasing under sealed bids; if railway purchasing would not be done better if it were divorced from traffic; what the road thought of the proposition to deny shippers the right to route their traffic. New Haven's vice president of purchasing said the last one smelled Russian, thought the plan would cause endless confusion; admitted that there was no "confusion" when the New Haven had employed its purchasing power to control the routings.

Locomotives May Be Sold On Instalment Plan

LOCOMOTIVES may join the long list of items that can be bought on the instalment plan if the new scheme for financing purchases of railroad equipment, now being discussed, is put into effect. The Baldwin Locomotive Works is considering the formation of a finance company to handle such sales. Other large equipment concerns are said to be equally interested, and one finance firm to handle all equipment time sales of the larger manufacturers may emerge.

Interstate Commerce Commission records show that 35% of the 60,000 steam locomotives in everyday use on American roads are more than twenty years old. But, in spite of higher maintenance costs, in spite of the efficiency of newer models, railroads have had to put up with their old engines.

The Baldwin plan, as now constituted, provides for the leasing of new locomotives to the railroads for a term of 15 years, payment to be made in half-yearly instalments.

Thus encouraged, the railroads might buy the equipment which they need to meet outside competition but which they have hesitated to acquire because of financial conditions.

Wabash-Lehigh Order Gets Issue Before Court

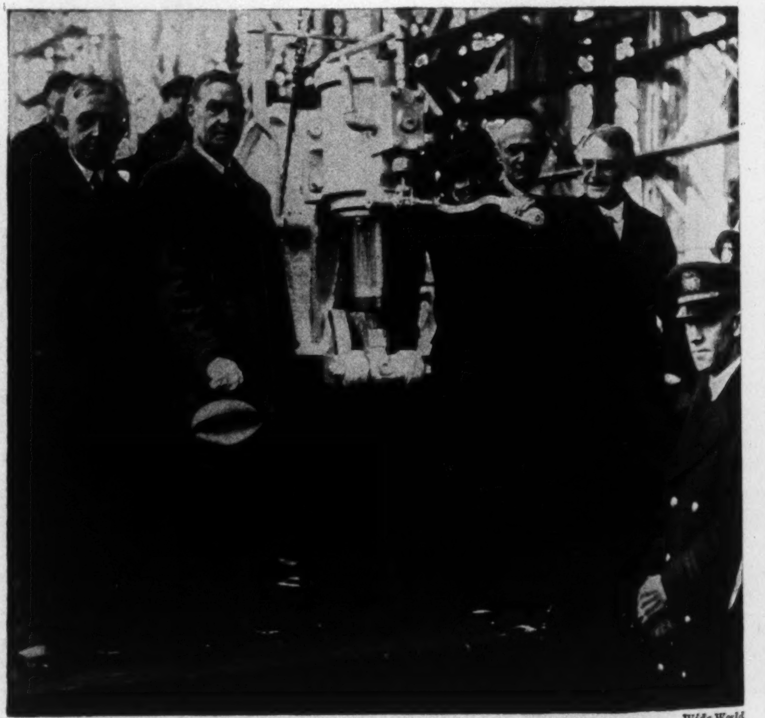
THE Interstate Commerce Commission's order directing the Pennsylvania Co., subsidiary of the Pennsylvania Railroad Co., to divest itself of its 30% stock ownership in the Lehigh Valley and its 48% ownership in the Wabash, brings up 2 points:

The order will undoubtedly come before the Supreme Court, and the commission's conception of the Clayton Act, on which the order was based, will, for the first time, receive judicial review.

According to Plan

If upheld, it clears the way for formation of the commission's consolidation plan (Wabash and Seaboard Air Line to form the nucleus of system No. 7 including the Lehigh Valley, Wheeling & Lake Erie, Norfolk & Western, Western Maryland, and Pittsburgh & West Virginia.

The commission began inquiry on the ground that the Pennsylvania's holdings might lessen competition between itself and the purchased roads. The Pennsylvania Co. (not to be confused with Pennroad, the holding company) contends that it is exclusively a security-holding organization, not engaged in interstate commerce, not under the jurisdiction of the commission. The railroad operating company denies that it has either directly or indirectly gained control of the Lehigh Valley and the



Wide World

PUTTING ON THE JONES-WHITE ACT

Senator White and Senator Jones (left to right) drive the first rivets in the keel of the first of the United States Lines' two 30,000-tonners for the North Atlantic run. Next right are Paul W. Chapman, president of the line, and Senator Morrow. The ships will cost $21 millions and will carry 1,294 passengers and a crew of 400. They are the largest to be constructed in this country

International News

Bucking the Macy-Gimbel Line

Broadway and 34th St., New York, during the Christmas shopping rush

Wabash through the Pennsylvania Co.; that stock purchases were made solely for investment purposes; that there has been no lessening of competition.

The commission holds that it is necessary to show only that the acquisition gave *the power* substantially to lessen competition; that the purchases were not made solely for investment since they showed "no indication of direct financial profit when made"; that the Pennsylvania has, so far, lost about $2½ millions on the deals. The commission also holds that it has jurisdiction over the Pennsylvania Co., merely an agent of the parent railroad company, that the two companies must be regarded as one because 12 persons are officers of both and the chief officers of both are identical; that action by the Pennsylvania Co. needs the consent of its stockholders, the Pennsylvania Railroad, which in turn, needs the commission's consent.

Christmas Sales Show That 1930 Has Bred a New Type of Buyer

Observant retailers, able to interpret trends of public buying, no longer doubt that in spite of substantially lower price levels, Christmas sales in many important retail lines will not merely closely approach 1929 figures in dollar volume, but, in some cases, will exceed them.

Those retailers whose merchandising instinct has dictated maintenance of ample stocks and good varieties, suggested the promotion of lines new this season, prompted frequent display changes, vigorous advertising, aggressive selling are making the most sales.

Merchandising executives say that 1930 has developed a new type of public buying, notable for greater discrimination, a keener sense of values, severer scrutiny of merchandise, quicker reaction to new items, attractive packages, eye-appeal presentation.

Gift buying seems to have gotten under way earlier than usual, due perhaps to advance reports that selections would be limited, stocks inadequate. Shoppers prefer "practical" gifts or new articles to old time favorites.

In some territories, the seasonal buying movement has gained impetus from the disbursal of Christmas club and bonus funds a week or two earlier than usual; from bank propaganda urging Christmas club members to spend their funds instead of re-investing them. For instance, Peoples Savings Bank of Providence, R. I., has been advertising the don't-save-too-much idea for the last 3 months. Buffalo, N. Y. banks have cooperated in a circular letter telling Christmas fund savers why it is better to use their checks for holiday gifts, instead of re-depositing them. City Savings Bank of Albany, N. Y., has been advertising that "wise spending rather than foolish hoarding should be the order of the day."

"Practical" Gifts Favored

Department store executives in many cities back their conclusions—and their forecasts—with specific facts and figures. The following are typical of reports that are coming in from the big shopping centers:

In New York City, McCreery's "Gift Week" sales are running 20% ahead of 1929, "practical" articles selling best. John David's 12 men's apparel and haberdashery stores, report substantial sales increases since October, with gift buying gaining steadily. Similar experience is recorded by the 41 Weber & Heilbroner stores in the same line. Stephen J. Leonard, chairman of the board of Arnold Constable & Co., states that sales have been gaining over 1929 totals since the beginning of August, that November's total was up 10% higher, that profits on merchandising operations are very satisfactory.

Chicago Makes More Sales

At Chicago, a special survey of important department stores by *The Business Week* disclosed that, while retailers feel sales for December may not equal the 1929 showing in dollar-volume, more units will be sold this year. Price reductions are blamed for low dollar-volume. Public response to sales appeal has demonstrated that there is general willingness to buy good values and practical gifts. For example, one store executive notes that an annual sale, well advertised, has this year produced a 46% gain over the previous record.

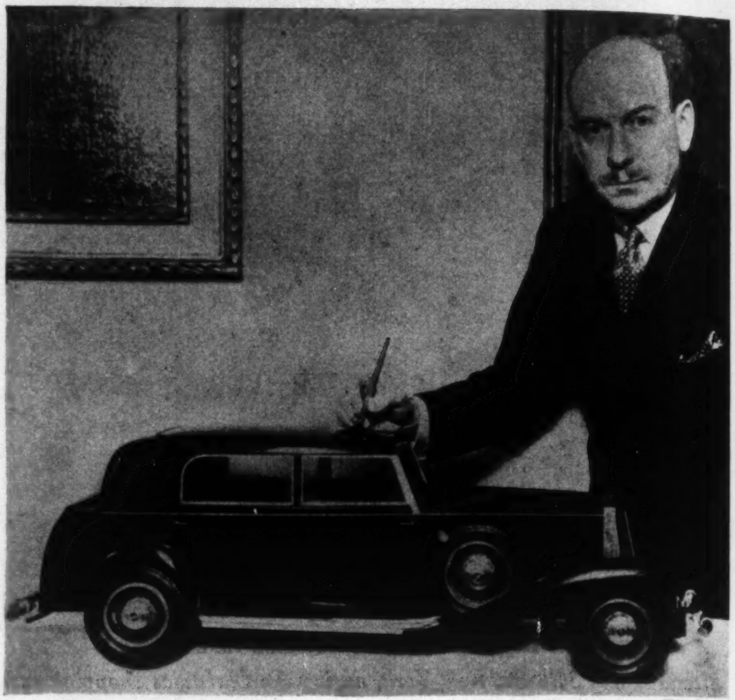
At Providence, R. I., department stores report holiday buying "quite satisfactory," public response to special price reductions "unusual," gift buying "somewhat earlier than in 1929"; show a gain in number of sales and units sold; say dollar-volume for December promises to bring totals for the year to 1929 levels.

At Albany, N. Y., a leading department store has done exceedingly well with several new lines; practically sold out a season's supply of one such line in 2 days by featuring it in advertising.

Store executives insist that quality is

being maintained on Christmas merchandise; that the suggestion of some manufacturers that goods be cheapened to meet demands for lower prices has met little response.

Department stores are uniformly planning exceptional sales effort for the first 3 months of 1931, hoping thereby to forestall any relapse from the current buying interest.



Wide World

Baby Marmon

Walter Dorwin Teague and his designers' model of the new Marmon 16-cylinder. The new car has a 200 horsepower all-aluminum motor engineered by Colonel Marmon. It will retail under $5,000

Chain Stores Report Mixed Trend in Sales

WHILE holiday buying as pictured in sample reports from the country's department stores promises to do better than had been earlier expected, chain store sales show a mixed trend.

F. W. Woolworth & Co., with but slight chance of reaching 1929 dollar volume, looks for increased earnings due to reduction in inventories, more rapid turnover. S. H. Kress & Co. records an increase of 1.8% for the 11 months. Sales of F. W. Grand–Silver Stores are up 25.2%, partly accounted for by added units. G. C. Murphy Co. shows a 7.9% increase for November and 11-months' sales 9.5% higher than in 1929.

Lerner Stores continue their spectacular increases, November business being up 16.1%, 11-months' sales up 36.6%. Similarly, Melville Shoe Corporation, after effecting substantial price reductions, still shows November sales 13.7%, business for the year 11.9%, higher than in 1929.

The Great Atlantic & Pacific Tea Co., recording increases in tonnage moved, had a loss in dollar volume for November, sales being off 4.65% while 18,636 tons (4.89%) more goods were moved. For the 11 months of 1930, sales are up 4.89%, tonnage is up 10.52%. The value per ton of merchandise dropped to $199.67 in November, as compared with $219.66 a year ago and an average of $206.28 for the first 11 months of 1930.

Kroger Grocery & Baking Co. shows a sales decrease of 9.66% in November business and loss of 6.95% for 47 weeks to Nov. 29, with no comparative tonnage figures available.

Grand Union Co. for 4 weeks ending Nov. 29 was 1.52% ahead of 1929, the 48-weeks' increase being 9.51%. Tonnage figures indicated 17% increase in actual goods moved.

J. C. Penney & Co's November business was 22.45% below 1929 and 11-months' sales went off 6.03%, but earnings are reported in line with 1929 figures due to closer inventory control, better turnover, reduced operating costs. On the other hand, W. T. Grant & Co., also known to have effected important operating economies, reports November sales 2.5% higher and 11-months' business 9.9% up from 1929.

Mail Order Catalogues Take in Paying Guests

WITH November sales declines making new cuts in their housekeeping incomes, 2 of the country's 3 largest mail order houses have, at last, decided to take in paying guests. The spring and summer edition of Sears, Roebuck & Co's big catalogue, published in March, will include a 2-page advertising spread sold to an automobile manufacturer, another page bought by a nationally known publisher.

National–Bellas Hess Co. offers to outside advertisers 16 pages of its spring catalogue out in January, at $11,250 a page black and white, $16,250 in 4 colors. Selling talk cites its guarantee of over 5 million circulation, low cost per 1,000 ($2.25 for a page without color), average life of 6 months for the medium.

Montgomery Ward will wait and see, but neither its forthcoming small midwinter catalogue nor the big issue due in January will carry outside advertising.

For all 3 companies November sales figures reflect drastic price reductions, probably some losses to improved local store competition. Sears, Roebuck's twelfth period of 4 weeks, ending Dec. 3, was off 20.8% in volume, bringing sales for the year down 10%. Montgomery Ward's November drop of 24.9% left the total for the 11 months down 4.7% with the prospects that heavier December buying and an additional business day in 1930 will even the year up with 1929. National–Bellas Hess, with November sales off 36.2%, making it a 31.61% loss for the year, appears to have checked the violent declines of midsummer, ascribes part of the loss to practical shutdown of some unprofitable stores, drastic inventory reductions, sacrifice of obsolete stocks.

Forthcoming catalogues will bring further price cuts by all 3 houses, 5% and 10% on many lines, 20% on some. Improvement in public buying is relied on to offset losses in dollar volume. Gen. R. E. Wood, Sears, Roebuck president, looks for "a storm of buying after the present calm in the merchandising field."

Big Steel Companies Jockey For Position in Detroit

Sharp Competition for Automotive Business Brings New Plants and Mergers, Suggests New Price Base

THE new $25-million works of the Great Lakes Steel Corp., division of the Fink-Weir-Hanna National Steel Corp., is now pouring ingots in its 6 open hearths at Ecorse, Detroit suburb, carrying Detroit's semi-finished capacity beyond 1 million tons to equality with the Massillon-Canton District in Ohio.

To provide an assured outlet, National Steel has just bought Michigan Steel Corp., producer of sheet, specializing in automobile grades, which has recently completed a 30% expansion of its finished capacity. The Hanna furnaces at the mouth of the River Rouge freight liquid iron to the Great Lakes hearths in giant bottles, each bottle a car, the cars drawn by Diesel-electric engines. Billets go on from Great Lakes to Michigan Steel finishing mills.

Down the river, adjoining Monroe, Mich., Newton Steel's new sheet mill intends eventually to build open hearth capacity equivalent to Great Lakes'. Within the Detroit area, assuming the construction of the projected American Rolling Mill's Detroit plant, will presently be capacity for a third of the district's 5-million tons annual steel consumption. But Armco might prefer purchasing an existing Detroit plant to building on the site on which it now holds an option.

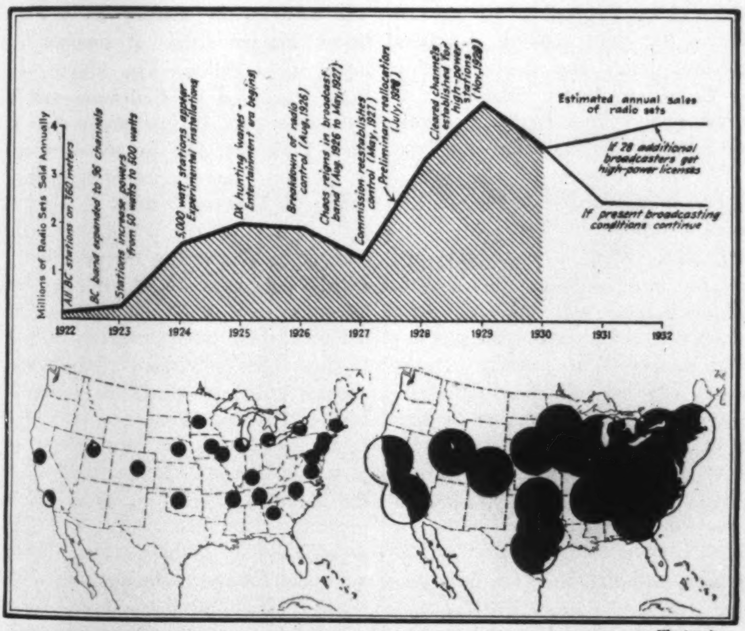
Meanwhile, Detroit listens to rumors that Bethlehem is planning a mill there, that Mr. Schwab recently came there to talk about one; finds its significant that Bethlehem's western manager of sales is located in Detroit rather than Chicago; expects U. S. Steel to take all necessary steps to protect its interests in the new production center. All in all, the new Detroit steel district is booming under the new impulse of steel to get closer to its market, to make the savings on freight, the gain in delivery speed that follows. Detroit is realizing on its advantages over several of the older districts in the coal-ore-limestone freight equilibrium, its wealth of water transportation facilities, its abundant supplies of scrap offered by the automobile plants.

Foresee Detroit Base

All this activity means eventually the setting up of a Detroit base price on steel products manufactured in the automobile city. The country's largest steel consumers—the automobile companies—now trying to cut production costs to the minimum, are not going to pay a price for steel based on quotations at Pittsburgh plus the freight rate from Pittsburgh to Detroit—even though they, themselves, with their f.o.b. Detroit prices for delivery to assembly plants scattered throughout the country, stick to a similar price set-up.

Detroit is the meeting place for prices in the steel industry and will get any low prices that are going. Chicago ships there by water, Cleveland by rail-and-water or all-rail, Bethlehem by water. Prices may take any of these or some other location as a basing point and delivered prices are now being quoted in Detroit that cannot be figured back to any regularly recognized schedule.

In the meantime, increased competition for the steel tonnage of the automobile industry, with an accompanying shrinkage in the margin of profits, is already driving Detroit mills to plan a diversification of their products that will carry their appeal outside that industry and outside the district to new markets.



Electronics

RADIO SALES DEPEND ON BROADCASTING

The chart shows how set sales react to broadcasting conditions. The map at the left shows the present service areas of the 28 stations which have asked the Radio Commission for 50 kw. licenses; map at the right indicates their service areas if applications were granted. O. H. Caldwell, editor of Electronics, former Radio Commissioner, believes that increased power will result in increased sales by strengthening reception in areas now served, opening up new areas, improving summer reception. Although some manufacturers see "saturation" he believes that $100 millions in set sales and $10 millions in broadcasting apparatus await the coming of high-power broadcasting

5 Companies Are Making Most of the Automobiles

REVISED estimates of November automobile output place it at 124,000 cars and trucks—20% under October; 45% under November, 1929; the lowest November output since 1921 and, with the single exception of December, 1929, the lowest output for any month since February, 1922. Not very encouraging, particularly since production schedules during December are expected to be even lower. Five makers—Ford, Chevrolet, Chrysler, Hudson, and Buick—supplied about 93% of the November

The Business Week—European News Bureau

RUSSIAN OIL

As California's oil wells extend into the ocean, so in this Baku field on the Caspian they encroach upon the sea

total. Ford with 52,000 and Chevrolet with 47,000 produced more than 75% of the total.

Detroit, talking about Ford, talks price cuts and an 8-cylinder model. Chevrolet and Essex, at new low prices and with improved models, are cutting rather heavily into the Ford market. So further reductions up to $50 on Fords within the next few weeks would not surprise the industry. Nor would an 8-cylinder Ford, although Detroit does not expect any such development for several months at least. Competitors are already discounting its possible effect by asserting it will be sold chiefly to present Ford owners, but, from a distance, this sounds a little like whistling in the wind.

Chevrolet Schedule Up

Medium price car makers are drawing a sigh of relief now that the new Chevrolets are out. They had been afraid Chevrolet would design a car to make a drive for a slice of the market that has hitherto spent a little more for a little more. They now believe that, although the new Chevrolets are being received very well throughout the country and the company is increasing its schedule from 60,000 this month to 75,000 for January, it is appealing to about the same class of buyers as it has hitherto.

Whether or not Chevrolet sales strategy wins, the Detroit district is very grateful to it and Hudson for advancing their announcement of new models. Chevrolet is employing about 29,000, will add more during coming weeks, all of whom would still be without work or immediate prospects had the company adhered to its normal schedule. Early announcement of new Hudson and Essex models had the same, if more limited, effect and the apparent reception of the new models by the public justifies the action.

At 4c a Gallon, Soviets Sell Us First Cargo of Gasoline

THE fabled international trading concern which failed in mittens for Cuba, coals to Newcastle, is outdone at last by the concern which succeeded in selling gasoline in Baltimore.

Only one tanker has been pumped dry so far near the McComas street pier, and it was not a great lot for a town which is the third ranking American petroleum port. The good tankship *Karl Leonhardt*, under charter by its German owners from Taupse, had only 50,000 barrels in her. But this was not lily-white Venezuelan gasoline. It was, horror of horrors, Red gasoline—Russian Red!

Oil men, who have not laughed aloud for many a long pipe-line run, regale each other with the tale. How an innocent looking suburban gasoline jobber succeeded in getting a really innocent old line oil company, established since forever in New York harbor, to rent him just a little tankage ashore. How the funny ship showed up. How the great corporation's lawyers managed to wriggle out of their leasing contract through an aperture smaller than a rivet's hole. How the little gentleman sniffed round Philadelphia's river-front tank farms. How the Quakers somersaulted when they learned the origin of that mysterious vessel riding in the Delaware. How the modest tank hunter met a Baltimore booster in a smoking car. How he made the acquaintance of the Port Development Commission. Of how Island Export Co. got organized, chartered, officed, staffed. Of the subtle ministrations of The Cottman Co., agents for German tankers plying between the trans-Caspian Caucasus and this muddy row of nineteenth century piers. H. L. Doherty himself could not have invented a better yarn.

Cheaper Than "Distress"

To be factual, strictly. The gasoline was sold at the market, as they say below Maiden Lane. It brought just under 4¢ a gallon. The lowest "distress" quotation on California stuff in Baltimore port is just above 4¢. In New York, say, 4⅝¢, for the worst case of "distress," under a merciless, gouging contract. The real market is 6¢ or a little better in the lower bay. The haul from Taupse was theoretically 2¢, with a paid crew, *et al.* But Russians have their ways. Their fuel oil for boilers or their diesel stuff costs nothing, to them. Such Germans as there were aboard had to be paid in marks, of course, but the Russians were cheap. Charters are cheaper than sulphur on Vesuvius. Say 1¢ for the haul, 1¢ to the Russians. Sales managers figured expertly. The man who got the gas saved $38,000, perhaps. The Russians got some foreign exchange with which to pay something down on dynamos. The public, the Baltimoreans, paid 16¢, 4¢ tax included.

Amtorg's publicity bureau said:

(1) There have not been additional shipments since the first one. (2) There is no brand name, like England's ROP, Russian Oil Products. (3) The price "compared very favorably with prevailing prices." (4) Well-known purchasers were in no way connected with the transaction. (5) No further shipments are "scheduled."

Reserve Board Vacancies Open Way to Hoover Reorganization

President's Appointments Meet Close Scrutiny For Signs of Change in Policies of System

By the end of the next 3 months the Hoover administration will have completed a reorganization of the Federal Reserve Board that is far more sweeping than business in general yet realizes. Not since the system was organized just before the war has any administration had such an opportunity to make in so short a time such fundamental changes in the board. What this one does with its opportunity is of great importance to business because of the board's influence in determining the supply of credit outstanding.

What has happened is that, within recent months, 3 vacancies have occurred among the 6 appointive members of the board. There will be a fourth in April. The 4 new appointees will make up half of the total board, a majority if the 2 ex-officio members are excluded. And Presidential appointments have been, will continue to be, closely scrutinized for signs of how far they reflect Hoover policies in Federal Reserve system administration—and what policies.

The first vacancy came with the resignation of Roy A. Young, jovial 1921 deflationist governor of the Minneapolis Reserve Bank, to become governor of the Boston Reserve Bank and to step up his salary from $12,000 to $30,000.

Next Edmund Platt, newspaper publisher and ex-congressman, who had been vice-governor, resigned to become vice-president and economic adviser of Marine Midland, New York state's $500-million bank group. Mr. Platt got more money too.

The recent death of Edward H. Cunningham, Iowa "dirt farmer" member of the board, created the third vacancy.

April will end the term of the towering Tennessean, George R. James, who will then return to his merchandising and banking interests in Memphis.

Wide World

Dollars and Marks

George Leslie Harrison (left), governor of the New York Federal Reserve Bank and Dr. H. Luther, president of the Reichsbank, confer in Berlin

That leaves in office the ex-Leland Stanford professor of economics, A. C. Miller, and Charles Hamlin of New England, both members of the board since its creation in 1914, along with the ex-officios, Secretary Mellon and Comptroller Pole.

The board's agents in the two largest Reserve banks, New York and Chicago, pave the way for further changes. J. H. Case, agent and chairman of the New York Bank, announced his intention of resigning to head the proposed 4-bank merger in New York. Abandonment of that merger this week may lead him to continue with the system. William A. Heath has resigned as agent at Chicago.

Strengthening Moves?

Two vacancies have already been filled. In 2 new appointments is seen a faint and not yet clearly defined move toward strengthening of the board.

Eugene Meyer, capitalist, formerly Farm Loan commissioner, chairman of the War Finance Corp., has been made Governor of the Reserve Board, subject to probable ratification by the Senate. Generally favorably regarded, Meyer has done little publicly, but there are reports that he was instrumental in the movement of a considerable amount of cotton. The record shows piecemeal help in strained situations since his appointment. He has listened to George Harrison's report of his recent trip and conferences with European central bankers. Proponents assert he will be a Hoover strong man on the board. Skeptics are doubtful.

New Chicago Agent

Eugene M. Stevens, tall solemn-looking former Minnesota wagon-maker, is the new agent at Chicago. Just resigned as president of Chicago's largest bank, Continental Illinois, Stevens brings strength to the position he assumes. Rumor has it that George and Arthur Reynolds, Chicago's most eminent bankers, were not averse to the move.

The quacking of position-seeking lame ducks probably will be heard among other entreaties while the White House considers the vacancies still to be filled. With Meyer credited to New York, Hamlin to New England and Miller to San Francisco, the President still has the inhabitants of the Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Kansas City, Minneapolis and Dallas Reserve districts from which to pick his men. When he gets done it will be a Hoover board, as it has not been the board of any President since it was organized.

Unemployment-Prevention Plans Challenge Industry to Action

Economists, Engineers, Management Specialists Study Remedies, Warn of Governmental Intervention

With unemployment relief measures well under way and organized to an extent which seems to insure as satisfactory control as circumstances permit, more attention is now being directed to the broader aspects of unemployment, particularly to its fundamental causes and to effective, permanent preventive measures which may be taken against it. During the week 2 distinguished groups of engineers have undertaken official surveys of the problems involved. In Philadelphia, an unusually notable group of industrial, social, and economic experts explored every practical and theoretical phase of unemployment prevention.

Engineers Study Problem

At the suggestion of Colonel Woods, head of the President's Emergency Unemployment Committee, the American Society of Mechanical Engineers—the largest technical society in the world, 20,000 members—appointed a committee which is to bring the entire fact-finding and interpreting resources of the organization to bear upon the unemployment problem. Through its local chapters the committee expects to obtain comprehensive data as to what the unemployment problem is, its major causes, and what successful means have been used to prevent or cure it. Then these data will be searched for a rational answer to the whole problem.

The Taylor Society, likewise at Colonel Woods' request, has formed a committee which is to make recommendations for immediate remedies for unemployment. Going farther, the society at its annual meeting last week challenged scientific management to extend its principles of planning and control beyond the borders of individual enterprises to stabilize all industry.

The Challenge Formulated

This challenge, made by Dr. H. S. Person, managing director of the society, was in effect as follows: Scientific management has given industry a technique of planning and control which has promoted the internal stabilization of individual enterprises; yet individual enterprises are subject to a large measure of instability because of the instability in the industrial environment; therefore, should not industry apply the principles of organized planning and control on a higher plane or over a wider area than the individual enterprise?

Two other important developments at this meeting were: The presentation of a tentative industrial employment code which may be adopted by those managements who wish their procedures and policies to be rated above the average; the study of a suggested balance sheet for management prepared by a joint committee of the society and the National Association of Credit Men, and intended to supplement financial statements as a basis for credit rating.

Conclusions drawn from the 2-day meeting of the American Academy of Political and Social Science, addressed by persons representing every shade of economic and social opinion were, briefly, that security for the worker in industry is the most important social problem facing the country today; that to provide this security is the direct responsibility of industry and society; and that, if industry does not quickly assume its full responsibility, society will force it to do so by legislation.

Whiting Williams, specialist in personnel relations, said that job security is the workers' greatest desire; that from insecurity comes malingering, demoralization, and human bitterness; that irregular work results in an irregular citizen. Insecurity, it was pointed out by several speakers, arises primarily from the right of a few—employers—to discharge the many—employees—at will without compensation and with no right of appeal.

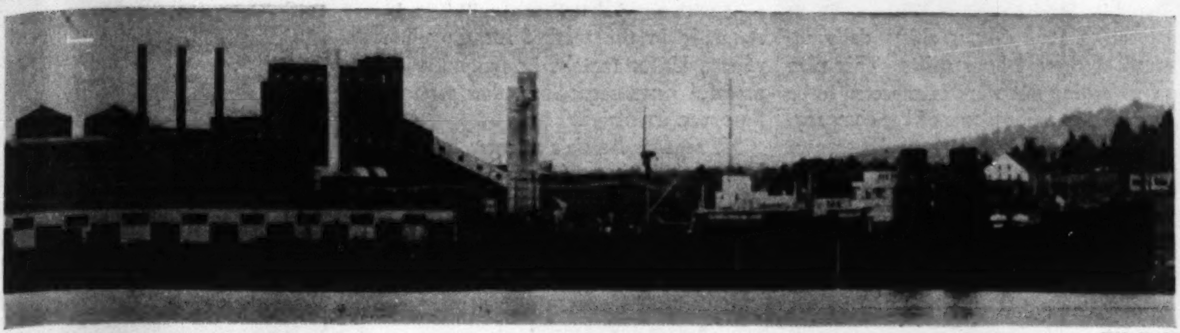
Measures Advocated

Stabilization measures advocated included an economic governing board of some kind to act for industry as a whole in the same way that management does for individual enterprises; reduction of hours of work to provide more leisure so that mass consumption can keep pace with mass production; industrial and social coordination on a country-wide and world-wide basis; increasing new

Wide World

TRUCE?

William Green (left), president of the American Federation of Labor, bitterly opposed the appointment of William N. Doak (right), new Secretary of Labor. They shook hands at the funeral of Mother Jones, century-old labor leader



Wide World

THE FLOATING POWER PLANT

The S. S. Jacona, of the New England Public Service Co., tied up at the new Bucksport mill of the Maine Seaboard Paper Co. Eventually, the mill will draw on the new Bingham Dam for power; in the meantime, the S. S. Jacona will produce it. The ship can generate 20,000 kilowatts, and was designed to provide emergency electricity in time of drought

product research work; increasing international-mindedness; better distribution of purchasing power.

But with all these things accomplished, said Dr. Paul Douglas, University of Chicago, there still will be unemployment, and unemployment insurance, covering all workers, is the only final solution. He pointed out that, while management itself cannot completely stabilize employment through insurance, it can stabilize income, which is next best.

Nearly all speakers discussed unemployment insurance in some way, some believing industry should be permitted to adopt it voluntarily; more citing the experience of the last 10 years as proof that the voluntary method would never solve the problem. Industry promised to adopt relief measures in 1921, but in 1930, even including the 75,000 General Electric workers who have just come under a plan, there are not more than 175,000 workers—0.1% of the total—covered by unemployment insurance.

"Disguised Dole"

For 10 years many American business men have protested the "dole," as they call insurance, Dr. Douglas said, but now we are practicing the dole in the American way, in its most degrading form, that of outright charity. Unemployment insurance was likened to corporate surpluses—a reserve for labor as much justified as a reserve for capital; it was compared with accident insurance, with the forecast that its adoption would furnish as great an incentive to employment stabilization as compensation insurance did to safety work.

An ideal unemployment insurance plan, according to Dr. Douglas, should include joint contributions by employers, employees; joint administration; cooperation with expanded public employment services; insurance rates that would vary with experience in individual plants; benefits to be paid only for unemployment because of lack of work; benefits to be considerably less than normal earnings.

Relief Plans in Congress May Block Each Other

THE opening of Congress last week also opened the season for legislative panaceas for unemployment, business depression, and other real or imaginary national ailments. From the number of remedies already submitted it looks as though competition in saving the country may be so keen that, having blocked each others' bills, none of the Congressional medicine men will get the job.

Senator Blaine of Wisconsin proposes a federal industrial commission to aid in business stabilization which would recommend such legislation as will enable employees to obtain a "saving wage" and permit investors to earn reasonable dividends. Representative Ludlow of Indiana is the sponsor of a companion House bill.

Representative Browne of Wisconsin seeks to have the federal highway aid program liberalized by making it apply to country roads; asks $250 million a year for highway work for the next 2 years. Senator Brookhart would double the amount. Representative Treadway of Massachusetts wants federal funds used in more elaborate road projects than are now possible. Senator Robinson and Representatives Aswell of Louisiana and Moore of Virginia would tack $5 millions on to the drought relief program for road work in drought stricken areas.

Senator Glenn of Indiana has offered a bill covering the President's request for $150 million to expedite public works construction. Representative Rogers of Massachusetts seeks $52 millions more for better hospitalization for wounded veterans. Representative Connery, also of Massachusetts, proposed that veterans be paid the face value of their adjusted service certificates at once (*The Business Week*, Nov. 26). Drought relief programs calling for an appropriation of $60 millions have been offered by several senators and representatives. Representative Huddleston of Alabama proposed to appropriate $50 millions for outright relief of destitute wherever found.

These are a few of the early crop of relief measures. In addition 3 of the well-known and long-sought Wagner Unemployment Bills are before the House, and many more calling for regular collection of employment statistics, to institute employment agencies, to expedite public construction and similar activities will be offered during coming weeks. Some of them will be highly desirable; probably more will be without much practical value. Business men will hope that the threshing does not become so big a job as to prevent proper separation of the wheat from the chaff.

Specific Things Done By Specific Institutions

BETWEEN 8,000 and 9,000 employees of the Amoskeag Manufacturing Co., Manchester, N. H., will contribute 10¢ weekly to which will be added a similar contribution by the management to be used for relief of unemployed fellow workers.

The steel, sheet and tin plate plant of

Republic Steel Corp., at Warren, O., is operating four 6-hour shifts daily instead of three 8-hour shifts. This plan of spreading out work is expected to be extended to other plants of the company.

The foundry industry of Wisconsin has appointed a committee, headed by Prof. D. D. Lescohier, economist of the University of Wisconsin, which, in cooperation with Governor Kohler's committee, is to undertake a study of means for obtaining longtime stabilization of employment. Particular attention will be given to the reduction of overtime and to the effects of changes in styles in products which depend upon the foundry industry for important parts.

The George E. Keith Co., Brockton, Mass., has increased production schedules in its shoe plants to 5 hours daily for 5 days a week. Meanwhile, employees of 8 other Brockton shoe plants have declined, through their union, to accept wage reductions asked by the companies to stimulate sales. The employers can appeal to state authorities.

Canadian Pool Tries A New Sales Set-Up

OTTAWA (*Special Correspondence*)—The central selling agency of the Canadian wheat pools has been reorganized, as forecast (*The Business Week,* Nov. 26). Renewed confidence in the ability of the pools to weather the stress of market conditions and in the wheat situation generally has followed.

John I. MacFarland, Calgary, onetime head of the Alberta & Pacific Grain Co., and an experienced and able grain trade man, has taken the job of general manager; has insisted on serving without salary. He is in supreme command of the market operations of the pools, can buy and sell as he thinks best. He was the nominee of the pools' bankers. Others share their opinion that, if anyone can put the pools on their feet, it is he.

Under the new direction the pool will revert to ordinary grain trade methods in the marketing of wheat, dealing through bankers in Winnipeg and England. The former pool bosses thought they could improve on those methods. They withdrew pool business from the usual channels and dealt directly with millers in Great Britain. The effect was disturbing to the Winnipeg Grain Exchange. The local market did not experience the benefit of British purchases of pool wheat.

Hon. H. H. Stevens, minister of trade and commerce, has returned from Europe with word that France will be substantially in the market for Canadian wheat. Unfortunately, he has not such cheerful news regarding other western European countries.

He regards Russia's re-entry into the picture as the most disturbing factor in the whole wheat situation, and warns that Canada must frankly face the Russian competition.

World Grain Figures Show Expected Surplus

EUROPEAN NEWS BUREAU (*By Cable*)—Long months of surmising on world grain production are suddenly precipitating into facts. Close on the heels of Broomhall's recent estimates (*The Business Week,* Dec. 3) come figures from the International Bureau of Agriculture at Rome, revealing a few encouraging facts, but substantiating many fears of unprecedented surpluses.

Though statistics for Russia are not included, it is admitted that rising Russian production is already an appreciable factor in the world situation, and promises to be even more important next year. Russia has once again assumed world leadership in wheat output, with the crops of both 1929 and 1930 larger than the American harvests in the same years. Moreover, since 1928, Russia has been producing larger crops than under the Czarist régime, though exports are still less than one-third the pre-war total, indicating that Bolshevist bread rations, at least, are more ample than formerly.

World agricultural production statistics, including October returns, as released by the International Bureau of Agriculture at Rome, are:

	Millions of Bushels	
	1930	*1929*
Wheat (36 countries including Australia, but excluding South America and Russia)	3,255	3,111
Rye (24 countries, excluding Russia and South America)	976	987
Barley (33 countries excluding Russia and South America)	1,324	1,412
Oats (28 countries excluding Russia and South America)	3,384	3,449
Corn (14 countries including North America, North Africa, Pan Europe except Russia and France)	2,586	3,290

Authorities at the Agriculture Bureau in Rome comment that when missing data are submitted it is probable that the wheat increase will be greater than is indicated in present figures. For rye, the data are practically complete; production is slightly below the 1925 and 1929 peaks. Figures on barley production are now about 90% complete and show production this year to be below the 1929 production, but above the average for the last 5 years.

Keystone

$2.50 A POUND

Jimmy, grand champion steer of the International Livestock Exposition, and J. Frank McKenney who raised him. Jimmy was sold to the Breakers, Atlantic City hotel, for $2,700. After a parade along the boardwalk, he will become sirloin, prime ribs, and chopped meat

Bakers Refer Bread Price To Labor and Sales Cost

THE baking industry failed to be stirred up by the Department of Justice announcement this week of an investigation into the spread between the price of bread and the cost of the raw materials used in bread baking.

The bakers have known the answer for a long time, they say. It is the cost of labor and distribution. The average 10-cent loaf of bread contains about 1½ cents worth of flour. The public is eating less bread and more fruit and vegetables A lower price might possibly increase bread consumption. The only way they have ever been able to find to lower the price, the bakers say, is to lower labor costs.

Commodity Markets See Decline In Silver, Copper, Cotton

A DEPRESSING development in the commodity market situation during the week has been the further decline in the price of silver, which at 33¢ per ounce, has touched a new all-time low. No marked advance can be expected unless China resumes her purchases of the metal.

Wheat remains fairly steady, but corn, oats, and rye are weaker. Cotton establishes new low records for many years, with December and old January contracts tumbling below 10¢ under severe selling pressure. Another unsettling influence has been the depression in the Egyptian cotton market arising from the accumulation of large stocks in Egypt as a result of the American tariff. The government's final estimate showing a smaller cotton crop than expected had no apparent effect on prices.

After a few weeks' vain insistence on holding copper at 12¢ a pound in the face of lower quotations of custom smelters, copper producers have yielded to actualities. Their price for domestic delivery to the end of March is reduced to 11¢ a pound, while the export price is lowered to 11.30¢. The American Brass Co., leading copper fabricator, has reduced prices 1¢ a pound for copper products and ¾¢ for brass products.

Stabilization of copper at the 12¢ level appeared doubtful from the beginning. The advance came under the stimulus of optimism arising from the international agreement to curtail production rather than as a result of an improvement in the industry's situation.

The lowering of producers' prices is expected to have a stimulating effect on foreign sales. Whether stability can be maintained at the current level is problematic, owing to large surpluses.

Of significance to the copper industry is the proposed merger of three Rhodesian copper companies, in which American interests have substantial investments. The plan provides for the consolidation with the Rhodesian Congo Border Concessions Co. of the B'Wana M'Kubwa Co. and the N'Changa Copper Mine Co. This group would be the world's second largest copper producer, exceeded only by the Chile Copper Co., subsidiary of Anaconda.

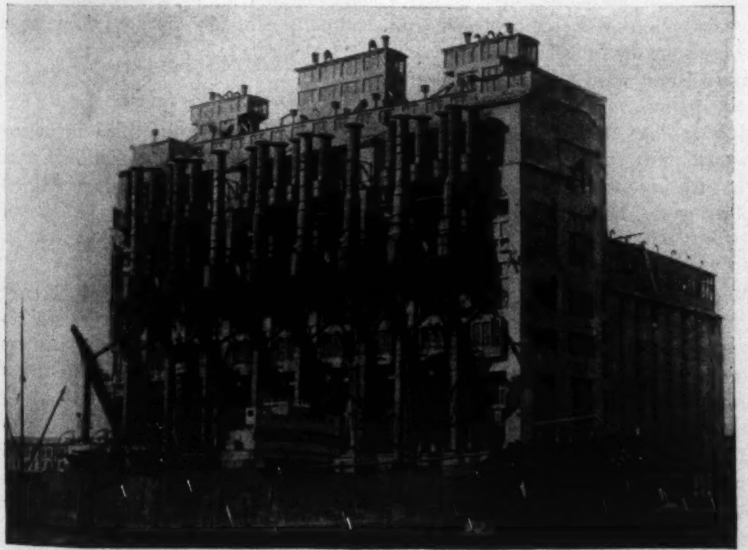
New York Has First Bank Closing Since 1907

BANK closings crept through Baltimore and New England this week and into Manhattan, resulting in New York's first major bank suspension since 1907. Thursday morning saw the state superintendent of banking in charge of the Bank of United States, fifteenth in size in the city and thirtieth in the nation. Total assets at the last report were $254 millions. The bank had about 400,000 depositors and 23,000 stockholders.

Inadequately secured loans are blamed. A loss of confidence caused runs on some branches of the institution. Long conferences of financial leaders failed to work out a plan that would prevent closing a bank with so suggestive a name.

Wall Street was warned when a proposed protective merger with three other banks failed to materialize. Rumors thereafter helped depress the markets; when the news actually came out it apparently had been discounted to a large extent.

The bank was not a member of the Clearing House, but the 23 members offered to lend to depositors one half of their deposits, at 5%.



Pacific & Atlantic

RED WHEAT ON THE BLACK SEA

The new 41,000 ton grain elevator at Nikolaiev, the Soviet wheat port on the Black Sea

Events Suggest Europe Agrees on Gold Policy

EUROPEAN NEWS BUREAU (*By Cable*)—Developments lend weight to the supposition that Governor Harrison, of the New York Federal Reserve Bank, reached an understanding that the central banks of England, France, and Germany would cooperate to prevent any gold released by the United States from being merely transferred via London to the excess gold reserve in France but instead would guide it to capitally anemic countries, notably Germany.

One evidence is the support given sterling exchange by the Bank of France in the last 3 weeks, despite its restrictive statutes. This support has been unobtrusive but appreciable in aiding sterling under the trying conditions which still obtain. Second is the surprising purchase this week on German account of $3 millions gold in London, on arbitrage which affords little or no profit.

Although the gold flow from London to Paris is expected to continue to the year end, this need mean only execution of previous French forward gold purchases. Apart from any deliberate central bank policy swift changing French economic conditions and the probability that France will begin capital exports, particularly to Balkan countries, make 1931 gold imports improbable; raise the possibility of re-exports.

Negotiations are on for a French loan of $20 millions to Jugoslavia, mostly earmarked for purchases in France. This follows an $8-million agricultural loan to Roumania. These probably are only the beginning.

Keystone

THE LUMBERMEN WANT CONSERVATION

Delegates from the National Lumber Manufacturers' Association call on Hoover. Left to right, front, are William Ritter, A. C. Dixon, E. C. Riggs, E. A. Frost, J. W. Watzek, Jr. In the back row, T. K. Weyerhaeuser and Wilson Compton

Lumber, Another Sick Industry, Chafes Under the Sherman Act

Producers Hope New Timber Conservation Board Can Help Open Way to Regulate Forest Depletion

LUMBER prices are off $5 per M on the average. No. 1 common boards, a fair example, sell at $16, f.o.b. Chicago, against $21 a year ago.

Land covered with good timber, ripe for logging, is worth less an acre than it was 10 years ago when its trees were smaller.

There are 15,000 lumber mills; 2,500 of them make 60% of all the lumber; the other 12,500 make 60% of all the trouble. When the market is demoralized, the little mills close down—that is, after prices have been down for so long that even they, without any system of cost accounting, discover they are losing money. When prices perk up, they glut the market again. Just now, lumber production and consumption are in balance. It has taken 8 months of the severest depression of prices to accomplish this.

No lumberman is making any money just now. Of course, that isn't literally true, but it is truer than most sweeping statements.

In short, the lumber industry is another of the sick industries.

All of which explains why the lumbermen asked President Hoover to appoint a National Timber Conservation Board to study lumber's sickness, suggest remedies. The Board has just been appointed. On it are the Secretaries of Commerce, Agriculture, Interior; 3 lumber manufacturers; a paper manufacturer; 4 forestry men; a farm leader; a railroad president.

Lumber, oil, coal—there is a close parallel. All 3 industries utilize natural resources. In each industry, wasteful overproduction with competition run wild loses money for all investors, works harm to labor, wastes the natural wealth of the nation. In his message to the Congress, the President suggests the anti-trust laws may need revision to cover such industries. He mentions only coal by name, but the lumbermen hail his words with joy. They frankly hope the Conservation Board will reach the same conclusion.

"Fundamentally the purpose of this movement," says Wilson Compton, secretary and manager of the National Lumber Manufacturers' Association, "is through cooperation with public agencies and relying upon frank public disclosure of economic facts to seek a sound economic basis upon which to build a permanent and profitable future for the lumber and wood-using industries. It is not a task for a day. It may be a vision but at least it is not a dream."

The notion that our forests are disappearing, that it is an act of patriotic virtue not to use lumber because we must save our trees, has taken extraordinary hold upon the public mind. Probably because propaganda of forestry enthusiasts for years was much more aggressive than the lumberman's. Incidentally, that war is about over. Lumbermen and conservationists have made their peace, are in substantial agreement.

Forests Still Equal Farms

As a matter of fact, after 300 years of use and waste, 3 centuries of steady conquest by the plow, the agricultural lands of the United States now are exactly equal to the forest lands—500 million acres each. Canada's forests cover somewhat more acreage than ours, but the stand is thinner; Canada probably has only half the potential lumber we have. The stand of wood in the United States has been estimated at 746 billion cubic (not board) feet. Of this, about 25 billion cubic feet are used, burned, or wasted annually. Fuel takes 40% of this; lumber, 35%; posts, piling, ties, etc., 10%; pulp, 4%; fire and tree diseases, 10%. Annual growth once was estimated by the Federal Forest Service at 6 billion cubic feet annually. Lumbermen bitterly dispute this; are working hard to get a complete survey; offer to prove that in the South, for example, annual growth already substantially equals annual cut.

What no one disputes is that, given better economic conditions in the industry, our forests can be made to last forever. For example, it would pay to spend more money on fire prevention and fire destroys more acres than are cut annually—though not as many board feet of lumber.

Third In Employment

The industry ranks third in number of employees, 600,000; eighth in value of annual product, $2 billions. Investment is $8 billions. In 5 states, more than half of all employed persons are in lumber.

Annual use of lumber is declining rather steadily. Substitutes are still cutting in, although during the past two or three years lumber has been at least holding its own in competition. Yet we shall use 28 billions of board feet this year. The industry is big enough to be worth saving.

Besides some modification of the law to permit closer cooperation, the lumbermen suggest various other remedies. Most important of all is taxation reform. They insist it is outrageous to tax stand-

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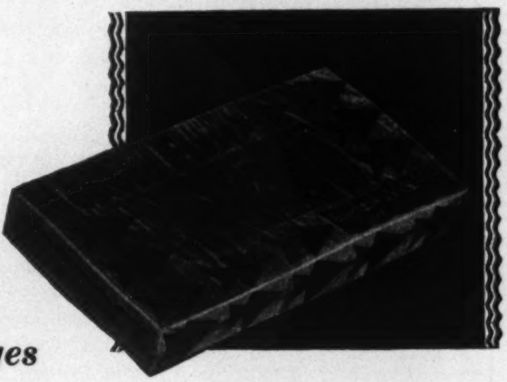
with moisture-proof Cellophane



Moisture-proof Cellophane can now be wrapped as air-tight as waxed paper, giving equal protection to the goods, and *decided sales advantages*

Now you can have *all* the sales advantages of a completely transparent wrapping, *plus* the air-tight, moisture-proof protection formerly obtainable only with waxed paper.

The Package Machinery Company, backed by wide experience in working with Cellophane, can now supply machines to wrap moisture-proof Cellophane as air-tight as waxed paper.

Moisture-proof Cellophane, being perfectly transparent, gives much more effective display to the package or product than waxed paper. Its glistening surface does not become clouded with dust . . . goods wrapped in it are always fresh in appearance; never shop-worn.

Tests show that moisture-proof Cellophane, wrapped by the *Tight-seal* method, helps to retain *flavor* and *fragrance* more effectively than either waxed paper or foil . . . important for such products as coffee, chewing gum, cake, perfumed soaps, etc.

This new development offers a real opportunity to that large field of manufacturers whose products must be kept fresh and wholesome . . . an opportunity to secure, in addition to perfect protection, a new and powerful sales-appeal through richer, more attractive appearance.

Send us your product

We will return it to you, in a *Tight-seal* moisture-proof Cellophane wrapping with complete information regarding the machinery to do the work.

PACKAGE MACHINERY COMPANY
Springfield, Massachusetts
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London: Baker Perkins, Ltd.

PACKAGE MACHINERY COMPANY

Over 150 Million Packages per day are wrapped on our Machines ing timber annually; that forces the lumberman to cut his trees to raise money for present taxes, and to avoid future taxes.

Taxes, they believe, should be based on annual yield. They frankly admit the problem is knotty for hundreds of counties in which taxes upon forests are virtually the only revenue for the support of schools and government. But they hope a formula can be found.

Mergers Wanted

They suggest the industry needs huge mergers, to create in lumber something comparable to the great oil companies, or to U. S. Steel. Only corporations of such size, they point out, can afford to carry on the research in which, they are convinced, lies the future hope of the industry. So, with a sidewise glance at the Sherman Act, they talk of bigger combinations.

Research may transform the industry. It is a physical industry now; it is likely one day to become a chemical industry. There are 200 possible by-products. Their possibilities need to be explored. The future of cellulose is not yet to be forecast. Plastics are in their infancy. It is not improbable that virtually all wood now wasted in lumbering some day will be made into products much more valuable than lumber. The chemicals derivable from wood are an imposing list. The possibilities of chemical treatment of wood to make it fireproof, waterproof, rotproof are just beginning to be sensed.

What Is Needed

Grading and trademarking are officially endorsed. Market extension work is being pushed aggressively. Lumber, its producers stoutly insist, is better and cheaper than iron or concrete in many of the places where it has been shoved aside by good salesmanship of the competing industries. Coordination of transportation and of marketing is badly needed. The average haul to market used to be 200 miles; now it is 1,000 miles.

And over the horizon is always Russia, with forests probably greater than ours in stand of saw timber; certainly greater than ours in area, but wasting horribly through fires the vastness of which this country cannot conceive. Russia has no costs, save freight paid foreign bottoms. Present tariff is called just big enough to irritate Canada, not big enough to keep out the Soviets.

These are lumber's troubles; these the suggested remedies. The National Timber Conservation Board has a job.

Loans for Small Homes Tend Toward Increase

BUILDING and loan associations, holders of $8 billions for some 12 millions of individual members, have on hand adequate funds for financing construction of one-family residences in nearly all parts of the country. The exceptions are the South and two Middle Western states. Demand for such loans ranges from fair to good; is below that of a year ago in many states; tends on the whole to increase. Numerous applications fail to meet standards, are denied.

These are outstanding points drawn from a nation-wide survey conducted by the U. S. Building and Loan League and made available to *The Business Week.*

Withdrawal of funds is normal, and below a year ago, for a majority of associations, but there are important areas where prolonged unemployment is increasing the drain, and the statutory delay is being invoked.

Little New Money

Little new money is coming in. Some states have so much on hand idle that new funds are not accepted. Collections are slow in many regions. There have been some repossessions but total real estate holdings are less than 1% of loans. Failures have been negligible.

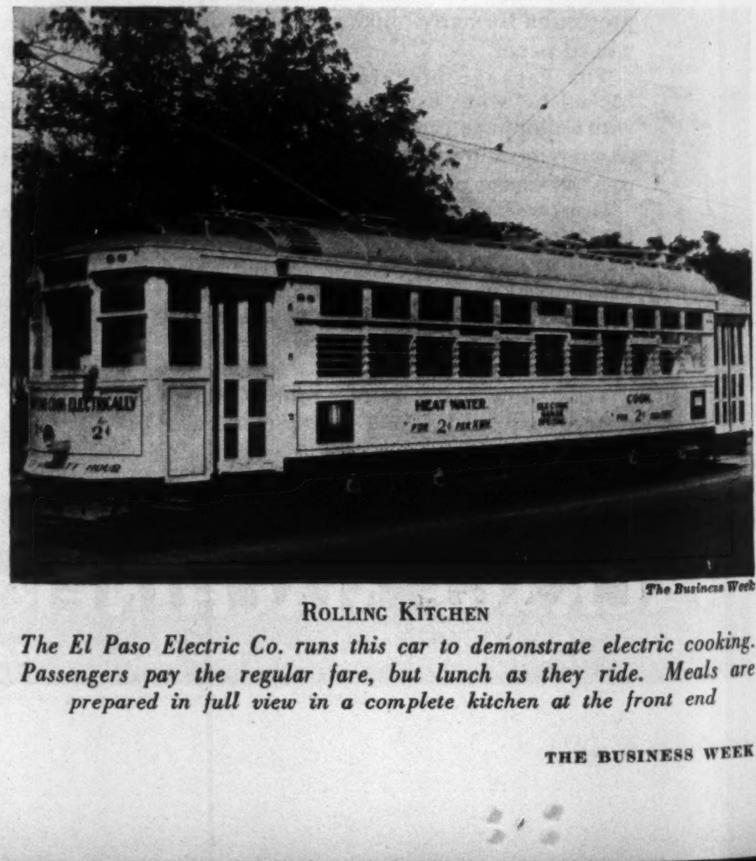
New York reports marked decrease in withdrawals in recent weeks, a slightly better demand for loans, but with many applications considered unsound. New Jersey associations believe they have felt the worst effects of the depression, say that legitimate applications for loans are being accommodated in all cases.

Fewer Bank Loans

Most Pennsylvania associations have more requests for loans than they can meet, due to fewer loans by banks and trust companies. California associations report more new money coming in than they can care for, a growth in total assets in the year ended Sept. 30 of 13½% and no embarrassment from withdrawals.

Illinois associations have experienced a decided change for the better in the last month and expect progressive modernization of homes, with some new building, to bring a continued good demand for loans. Funds are generally in excess of loan requirements in the larger Massachusetts communities, inadequate in the smaller centers. Large amounts of funds are available for loans in Wisconsin.

Ohio reports no improvement from a strained situation. Practically no new loans are being made in Alabama,



The Business Week

ROLLING KITCHEN

The El Paso Electric Co. runs this car to demonstrate electric cooking. Passengers pay the regular fare, but lunch as they ride. Meals are prepared in full view in a complete kitchen at the front end

Florida, Indiana, Mississippi, West Virginia, due to inadequate supply of funds or poor demand or both. Southern states generally report conditions ranging from poor to fair.

General Foods Widens Line, Aids Wholesalers

GENERAL FOODS CORP. announces Atlantic Gelatine Co. will become a wholly-owned subsidiary, joining 30 other producing organizations of the corporation. General Foods' policy is to offer the widest possible line, utilize to the fullest its distribution facilities.

Atlantic Gelatine Co. is one of the largest producers. With it, and Jell-O, already in the group, General Foods is in excellent marketing position.

Adding further to the General Foods line, the Glidden Co. through its subsidiary, Durkee Famous Foods, Inc., announces perfection of a new product, Golden Troco margarine. Manufactured from natural vegetable and nut oils having a natural yellow color, the new product is exempt from the 10¢ per pound tax levied on artificially colored margarine. Under agreement between Glidden Co. and General Foods Sales Co. (*The Business Week*, Oct. 22), the new product will be sold to the retailer by the wagon salesmen of its Hellmann Mayonnaise division.

Meanwhile General Foods Corp. continues to entrench its position by increasing cooperation with wholesale grocers. Realizing that the narrow margin available to wholesalers makes utmost economy in handling and rapid turnover indispensable, packaging of various products is being studied, sizes of packages changed, number of units per standard package revised. Wholesalers' facilities for warehousing, selling, credit are to be used to the full.

Mail Order House Adds Magazines to Its List

BELIEVING that a worthwhile addition to sales volume at a profit may be secured through aggressive selling of popular magazines and magazine subscriptions, National-Bellas Hess Co. has made arrangement with 25 leading publishers to sell their publications.

Publishers who have signed a 2-year agreement include Crowell Publishing Co., Curtis Publishing Co., International Magazine Co., McCall Company, Robert Collier, Meredith Publishing Co., Pictorial Review Co., Motion Pictures, Inc.

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Wide World

OLD MAN OF THE SEVEN SEAS

Captain Robert Dollar (right) did not attend the launching of his newest and biggest ship, the President Hoover. He was out in China, looking for business—as usual

There'll Be Cargoes Ready For Cap'n Dollar's New Ship

Able World Trading, Clockwork Schedules Keep His Liners' Anchors Always Wet

On Tuesday Mrs. Herbert Hoover splintered a bottle of water against the nose of the largest merchant vessel yet launched in this country. The vessel was —appropriately—the *President Hoover.* She took to salt water at the Newport News Shipbuilding & Dry Dock plant accompanied by delighted whoops from Homer Ferguson's negro workmen.

This aspirant in the international race for fast ships is 653 feet long, of 23,000 gross tonnage, has a speed of 21 knots, will cost $8 millions, will be in service next June with accommodations for 1260 passengers. Black riveters are busy on a keel that will grow a second ship of duplicate proportions. Unusual features are: The bulbous bow as an aid to speed (not a German idea but an invention of the American admiral, David W. Taylor). And electric drive, which eliminates vibration.

These two ships, like the even larger U. S. Lines' ship, for which the keel was laid Saturday, materialize from the Jones-White Act which lends money for construction in American yards up to 75% of the cost, at practically painless interest. Mail subsidies will help keep them in operation.

When the *President Hoover* is ready for service, freight and passengers will be waiting.

In China, as far as possible from the launching, an old gentleman with innocent blue eyes and snow-white whiskers was hurrying hither and yon. He was looking for business. Even in that scarred land, remote opportunities come forward and surrender on hearing the old gentleman's name. He is none other than Captain Robert Dollar, patriarch and chairman of the board of the Dollar Steamship Lines, for whom the vessels are being constructed.

The ancient captain, now in his 37th trade-hunting trip to the Orient, is in his 87th year but you mustn't let that fool you.

On first meeting Captain Dollar one might think him a benevolent old gentleman kept in a position of command by tolerant affection. His hands tremble. His voice is that of an ancient. Unintelligent persons, misled by appearances, discover if they try to slip anything over that the blue eyes are as clear as ever, that the brain back of them retains its steely spring.

The title of "Captain" is one of popular acclaim. This canny snowbeard is not a licensed shipmaster. He was an old man—57—when he bought his first vessel.

Dollar, Dolour, $

Although the Dollar Line uses the symbol "$" as its emblem on ship funnels, the family was not named for our popular national coin. Being of Scotch origin, the shipowner most likely gets his name from the melancholy town of Dollar which comes from "dolour," meaning sorrow. Past it foams the Burn of Dollar, whose parent streams are Sorrow and Care, above which is Gloom Castle, ruined stronghold of the Argylls. The coin, on the other hand, is named from "Thaler," German word for "dale." It runs back to a Bohemian dale where rich silver mines were developed in 1516.

Robert Dollar was born in Falkirk, Scotland. When he came to Canada at the age of 13 to work in a logging camp, he was poor enough to satisfy the most exacting success biographer. He went into the business while still a boy. Later he transferred operations to the Michigan forests and when they showed signs of exhaustion, Captain Dollar bought huge tracks of timber in the Pacific Northwest. A need for ships to deliver lumber put him in the shipping business. A natural affinity kept him there.

He Still Has a Shirt

There have been times in his later career when rivals decided that Captain Dollar had arrived at his dotage. They were certain of this when the Dollars bought the huge fleet of *President* liners and announced that they would start a round-the-world freight and passenger service, running on a split-second schedule.

"Here," exclaimed rivals, "is where Captain Dollar loses his shirt." The tone was tinged with hopefulness.

Today, after the service has been in operation for years, Captain Dollar finds himself with perhaps more shirts than he ever had before. His lines have held to their impossible split-second time table. The result has been uninterrupted profits.

Captain Dollar is no cushion-chair executive. The way to get business is to go out on your hind legs after it. In practicing this conviction he has made 7 round-the-world trips. Each was worth a million dollars to the line—literally, in actual business resulting.

Dollar ships spend their time at sea, not in port. Personal solicitation intelligently directed, finds freight and passengers for them even in this era. In the old days, freighters that had carried Dollar lumber to China brought back return cargoes if the company had to buy the freight and sell it. With the fast *President* liners, the management is able to prove that speed regularity saves money for shippers.

Canned Milk for China

When China blew up in 1911, business came to a dead halt. Captain Dollar nosed about the Philippines, saw cocoanuts rotting on the ground, developed a copra industry that reached $22 millions a year. He thought the Chinese might be taught to use American canned milk. The first year the experiment cost $1,500, the next it lost $1,000, the next it broke even, every year since it has made a profit.

Round-the-world tourists come largely from the Middle West and Southwest. Company representatives personally visit every prospect. Reserve demand is built up by working 2 years ahead. Groups of friends are formed to make the trip together.

Captain Dollar is a teetotaler and the Dollar Company employs none of the dodges by which drinks are sold on American ships.

Dollar headquarters are San Francisco. It is a $100-million concern. All ships are under the American flag. There are 24 of them; total gross tonnage 297,000. *President* liners number 19, freighters 5. Eight *President* boats maintain the round-the-world schedule. All others work back and forth across the Pacific. In the Philippines an inter-island steamer is operated for an independent company.

Two Able Sons

Mrs. Dollar—the first and only—still hovers about seeing that the old captain doesn't overdo. Associated with him are two sons. Stanley is president of the company and one of the country's authorities on ship operation and finance. Harold is vice-president. He ran the Dollar offices in the Far East for many years and is an expert on Oriental trade. Another son, Melville, operates his own line of steamers from Canadian ports. These men are skilled and resourceful executives whose feats have been shadowed by those of their astonishing sire.

Scouting for New Industrial Markets

INDUSTRY HAS BEEN MEASURED, and plumbed, and charted. But, in many respects, it still is the Great Unknown. Undiscovered market possibilities, undreamt of sales opportunities, exist within its borders for thousands of products.

A MAKER OF FACTORY HEATING equipment was sure that he was tapping every potential source of business. Then he found out that ice plants, too, have to keep warm...and a new and profitable market opened up. ◆◆

VACUUM CLEANERS for power plants? Ridiculous! Yet someone discovered that the use of powdered coal had introduced a pesky cleaning problem. And vacuum cleaner sales ascended. ◆◆

WHO AND WHERE ARE MY PROSPECTS? Many manufacturers think they know. But an electric hoist manufacturer was "from Missouri." He scouted for and unearthed surprising sales opportunities. His new customers ranged from a clergyman to a business man temporarily a resident of a State Prison! ◆◆

It is largely through skilfully planned and executed Industrial Advertising that resourceful executives are scouting for new industrial markets. Swiftly, surely and economically it is reaching into the hidden industrial crevices and crannies of 48 states, ferreting out new fields, new product needs, new product uses, rich in sales possibilities. ◆◆

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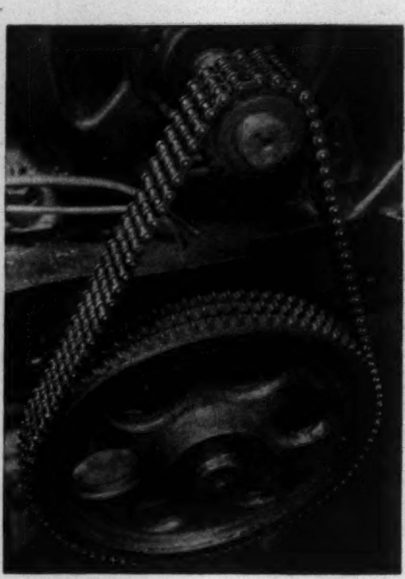

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(A-859)

Cuba Pays Through the Nose For Sugar Agreement with Java

PARIS (*By Cable*)—After almost two weeks of bargaining, which nearly ended in collapse, the Cuban and Dutch-Javan sugar growers have reached agreement on sugar stabilization. The scene of negotiations has now been shifted from Amsterdam to Brussels, where the united "cane front" meets the European beet sugar interests in an effort to bring the latter to a world understanding.

As foreseen (*The Business Week*, Dec. 3), the Dutch, in the belief that they were defending what they consider a sound home industry against the reckless expansion or artificial hothousing elsewhere, stubbornly resisted the Cuban proposals. And this, notwithstanding that Cuba volunteered to shoulder major sacrifices, to reduce her production 24% if Java agreed to a 16% cut.

Stiff Counter Proposal

The Dutch countered with the proposal that production be regulated not by direct restriction of crops but by restriction of exports, and named specific export quotas. On examination, these were found to be tantamount to a reduction of Cuban output by 25% and of Javan by 1.4%; moreover, beet sugar producers were to be induced to reduce their exports 33% and production 7%. The conference broke down. The Dutch later relented. A gentlemen's agreement was patched up. Both delegations are now in Brussels.

The terms of the agreement have not been announced officially, but it is understood that they provide for the restriction of Cuban exports of new crops to 3.35 million tons and of old sugar to 300,000 tons a year during the next 5 years, while Javan exports are limited to 2.3 million tons with an annual increase of 100,000 tons during the 5-year period. This represents an average reduction in Javan production of 10.4% during the period from 2.9 million tons this year.

Cuba's Position Weakest

While ostensibly a united cane front has been established, the liaison between the respective wings is woefully thin. It may be expected that European beet sugar interests will not fail to take advantage of the lack of solidarity between the overseas competitors.

Of the 3 interests involved, Cuba is in the weakest position. While a sugar war would without doubt have a profound effect on Java and also on Europe, though to a less extent, it would cripple Cuba. The Brussels conference marks the third attempt since the War to reach a world understanding. The prospects of success have been increased but little by the Amsterdam results. Cuba is at a pronounced disadvantage in proportion to the importance of her industry and the weight of her accumulated stocks, and will be obliged to pay the heaviest price for world stabilization, which may not be without effect on her future competitive ability.

Russia Sells Dressed Furs Cheaper Than Raw Ones

EUROPEAN NEWS BUREAU (*By Cable*)—Of all the $150 millions of Russian products sold on the British market last year, only lumber and oil surpassed in value the sales of furs. A breakdown of Russian sales abroad shows that

Acme

THOMAS L. CHADBOURNE

He authored Cuba's sugar plan, has now sold the Dutch the idea of controlled production

London furriers bought nearly $16 millions of Soviet pelts, largely undressed. Squirrel was most popular. Moscow exported 10,323,000 of them last year, valued at $8,116,000. With Germany and the United States, the British were the largest purchasers.

Trade Association Protests

This week the British Fur Trade Association convened in London to protest a new move by the Russians. Heretofore, British purchases have been confined almost entirely to undressed and undyed furs, which were treated in London. This year Russia is attempting to introduce dressed and dyed furs. According to the furriers, the Soviets attempted to establish a contact with London's leading dressing and dyeing concern last summer with an idea of sending Russian apprentices to study British methods. London refused.

Now Russia has turned the tables, is refusing to sell London raw squirrels at 36¢, but is offering them, dressed and dyed, at 25¢. A parcel of peschanik (Russian marmot), dressed and dyed, is offered at 33¢, but if bought raw for dressing and dyeing in London the cost is almost double.

Retail Chain Planned

Manager Groner, of George Wagner, who presided at the meeting of protest, says a scheme is afoot to cover England and other countries with a chain of retail shops for the sale of Russian dressed and dyed furs. The trade insists the only remedy is a government ban on these "slave-made" goods, as a tariff is not sufficient to deter the Soviets in their plan of "deliberate ruin to all capitalist competitive industries."

Political commitments prevent the government from taking any such step.

—

Furs are Russia's third most important item of export. Total value of exports last year exceeded $55 millions. Germany bought more than $27 millions on the large Leipzig market. London was the second market, with purchases of nearly $16 millions. Shipments to the United States were valued at more than $6 millions, were exceeded in value, among Soviet imports, only by manganese. Eitington-Schild Co. and Bergdorf-Goodman were among the most prominent American firms importing Russian furs.

Consulted in New York, the Eitington-Schild Co. reported that some dressed and dyed furs had been received from Russia, that the work had always been highly satisfactory.

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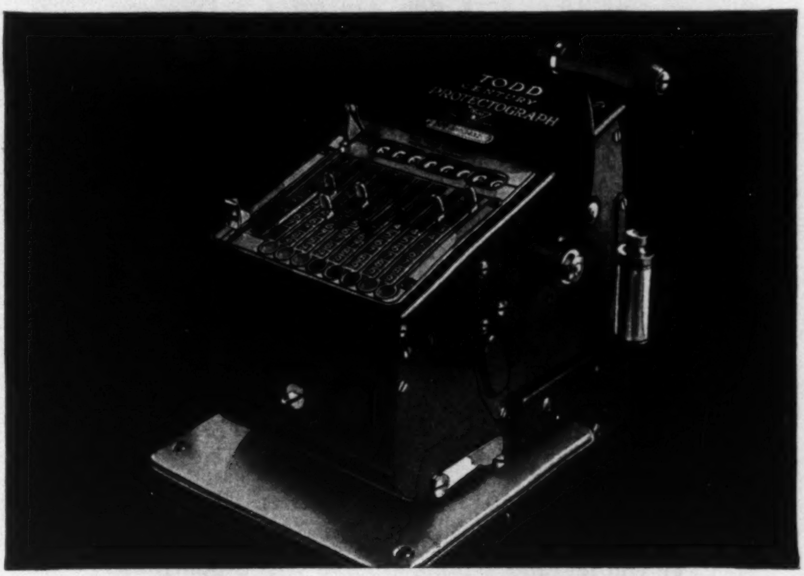

ALL PROGRESSIVE business organizations use mechanical check writers. For the saving in time and labor. For neater checks. And, fundamentally, for *protection*. Most of them have chosen the Century Protectograph—because it provides the *greatest possible protection!*

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We number among our depositors leading concerns in every major line of industry. Our official staff is so organized that each commercial account has the personal attention of one or more officers familiar with the business and experienced in utilizing our facilities and contacts to the best possible advantage in the depositor's service.

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German Bankers Uneasy Over Soviet Credits

EUROPEAN NEWS BUREAU (*By Cable*)—Withdrawal of several important German bankers from the consortium known as IFAGO, formed some time ago to finance Russian trade bills, is attributed partly to growing antipathy to the Soviets, partly to growing uneasiness over Soviet solvency. The belief is spreading in Germany that the risks on Soviet orders are not now adequately covered, though the national government and the state guarantees usually cover as much as 70% on orders.

IFAGO has been discounting guaranteed bills at the standard bank rate plus 2.9%. The credit risk is not only affected by the question of Russian solvency but by the difficulty of prosecuting any dispute against the Soviet government. Bills not guaranteed are discountable without recourse at 2% monthly, though they are rarely handled.

Reich guarantees on Russian credits are now estimated at $30 millions. Another $20 millions are guaranteed by the states. A final unguaranteed $40 millions are held by private industries. Other countries which are guaranteeing payment on Soviet orders are Great Britain, Norway, Italy, and Austria. The United States is the only country not guaranteeing and still obtaining an important share of Russian business. This signifies to German business men that United States industry and banks are accepting risks which Europe is reluctant to accept without making the taxpayer a shareholder through government guaranty on orders.

European credits to the Soviets on machinery orders run on the average from 12 to 18 months; on ships, one year; on other commodities as long as 2 years.

How One Company Handles Russian Credits

NEW financing for the Oliver Farm Equipment Co. reveals how one American concern is handling the thorny problem of Russian credits. The company reports a $12-million Russian order on the basis of 50% cash and the balance over a 3-year period. With the new $2 millions of credit which New York and Chicago bankers have promised to the company to carry it through the period of heavy production when collections are small, the plant at South Bend will take on 700 workers to turn out farm equipment ordered by the Soviets.

Swift Survey of Business Abroad

EUROPE

EUROPEAN NEWS BUREAU (*By Cable*) —Immediate business conditions are little changed. Industrial activity, trade volumes, and prices continue near bottom levels. Money remains abnormally easy and capital abnormally tight. Slack money is still an index of restricted business; tight capital is an index, not of deficient supply, but of deficient investment confidence. If little change is apparent from week to week, the trend over the last 6 or 8 weeks has been one of gradual progressive improvement and each new week business is inclined to take a more sanguine view of the prospects. Barring accidents—and accidents both political and economic are still among the possibilities—it begins to seem that business in Europe may shake off its lethargy and hesitancy early in the new year.

Signs of Revival

Even now general economic conditions in Europe, with the important exception of Germany, are considered better than conditions in the United States. England, particularly, shows signs of revival and maintains an optimistic business undertone notwithstanding immediate labor troubles and obscurity of future trade and tariff policies, and political confusion. Renewed investment activity, which began in October, has continued encouragingly and, though still restricted primarily to trustee issues, may be noticed in the growing fringe of investments in industrial debentures and even in stocks. Activity among the major industries still has its ups and downs but average activity is now sometimes maintained measurably above the previous lows, thus reflecting incipient improvement both in domestic and foreign demand. Production costs are again subject to discussion as a factor in establishing a foundation for the price structure just as security yields were studied after the stock market breaks.

Speed Price Reductions

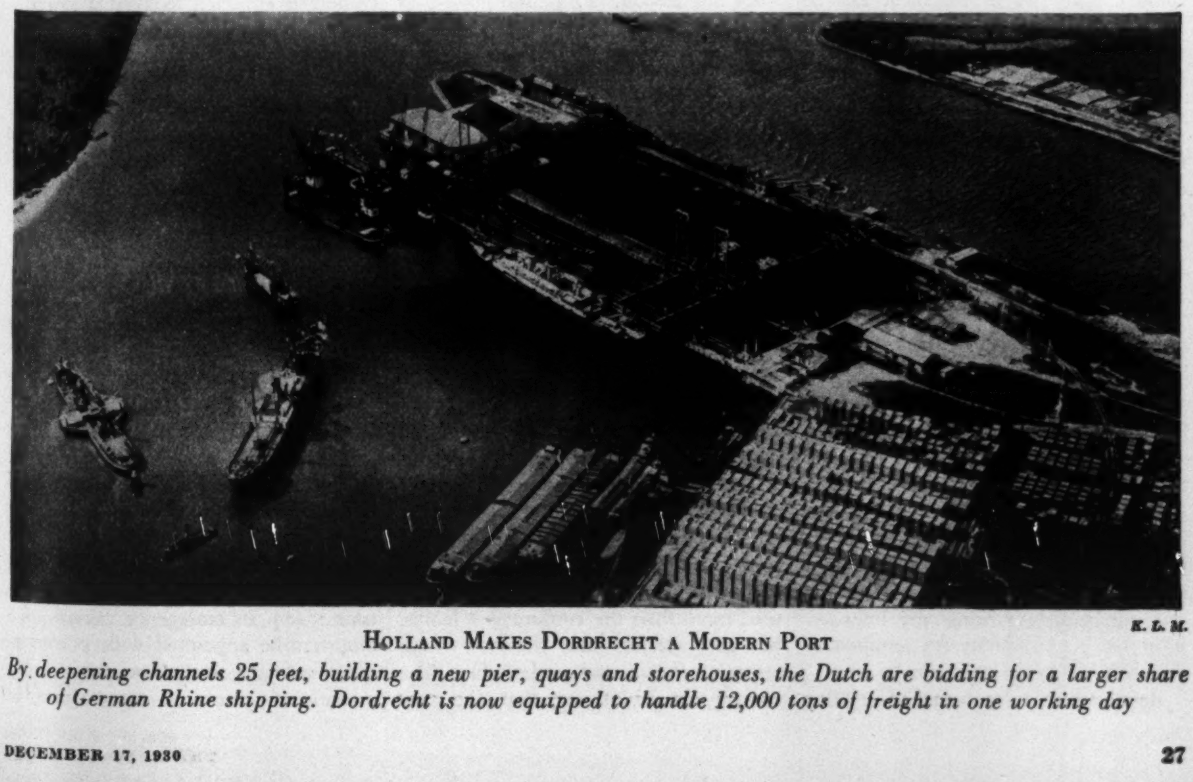
In Germany, the immediate condition of business is grim and the internal popular feeling born of depression is becoming dangerously pent up. It may be hoped that the Reichstag's endorsement this week of the emergency decrees promulgating Bruening's fiscal reform program will prove the turning point, for it not only marks the successful rounding of the most critical immediate political issue but a new departure in Germany's fiscal and economic administration. It has become evident that the success of the price reduction programs in both Germany and Italy depends largely on the rapidity with which the programs can be carried out before the suspension of business in anticipation of lower price levels reacts upon industry and unemployment.

Denmark is the only country in which normal activity prevails. Conditions in the other Scandinavian countries are still relatively favorable but less active than previously. Eastern Europe is suffering from an acute shortage of capital and from low world prices for agricultural products, but industry in Poland and Czechoslovakia reports no further recessions and even some improvement. Austria is losing ground, while Hungary and Roumania are unable to better themselves without foreign financing. Jugoslavia alone shows net progress for the year.

Steel Cartel Modified

Business in Italy is not good but could be worse. In Spain, conditions are relatively fair. Prosperity in France is declining and a further decline is in prospect, but the fall of the Tardieu government and the uncertainty of its successor so far have been without appreciable effect.

The week has been characterized by the yearend meetings of existing cartels in an effort to form new ones. The continental iron and steel cartel, subject to ratification by its members, has been renewed until June 30, 1931, with certain rather important modifications.

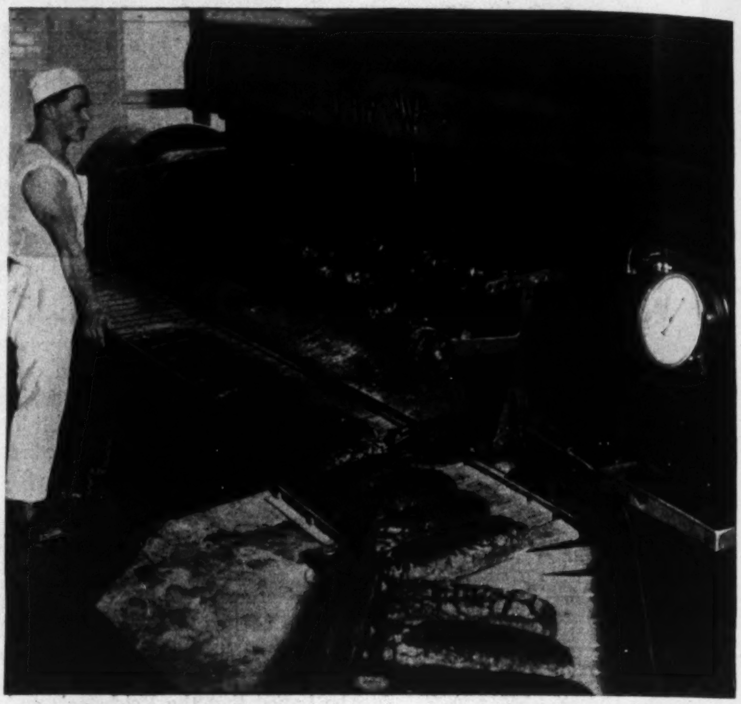


K. L. M.

HOLLAND MAKES DORDRECHT A MODERN PORT

By deepening channels 25 feet, building a new pier, quays and storehouses, the Dutch are bidding for a larger share of German Rhine shipping. Dordrecht is now equipped to handle 12,000 tons of freight in one working day

Price control, recently abandoned, is not renewed but production is further restricted to 70% instead of 75% of 1929 production, which is equivalent to actual reduction of 6.7% from current output, and is expected to stiffen prices considerably. Also, Germany is accorded the privilege, recently accorded to France, of dividing the total production quota into domestic and export portions and paying $1 rather than $4 fine on excess production for export, the export quota being established as the average actual exports for September and October last. While this concession is momentarily of only nominal importance, it is expected to become a valuable facility as trade revives, especially in view of pending German price reductions. Half products sales comptoirs, though still merely nominal organizations, are prolonged through March, 1931. The rail cartel continues on the old basis. Negotiations for the revival of the wire cartel have led to the establishment of an international sales office but the final decision is left open till March pending renewal of the expiring Belgian syndicate.



International News

GERMANY GOES BACK TO WAR BREAD

The Emergency Decree provides almost complete regulation of German life as an effort toward stabilization. Even the kind of bread citizens may eat is prescribed, and bakers now add 30% rye flour to the wheat bread which is coming off the production line of this automatic oven

British Labor Troubles Spread to Textiles

LONDON (*By Cable*)—Business is relieved by the removal of the menace of a coal stoppage by the agreement of Scotch miners to return to work under the owners' spreadover scheme until some definite wage settlement can be settled on. Anxiety over other labor troubles in the boot and shoe and building trades is overshadowed by the new political uncertainty which has removed some of the buoyancy that has lately been observed. Despite these uncertainties, the optimistic undertone continues. Markets and industries are still quiet—some few gaining ground, others losing—but with the confident anticipation that the new year will bring improvement.

Iron and steel are steadier and tinplate is stronger. The wool trade has recovered from recent irregularities. Hemp is active and firm. Vegetable oils, long stagnant, are steadier and in wider demand. Trade in hides and leather is quiet and unchanged. Textile cotton buying was suspended when raw stuffs sagged but new year prospects are considered brighter. Price reductions on pig iron failed to bring any improvement but better activity for semi-manufactured has been maintained.

Retail stores have launched a "Buy Now" campaign on the American plan with the plea that prices are down from 10% to 15%. Sir William Burbidge, head of Harrods, says that customers have increased more than 1000 a week since last season. F. J. Marquis, head of the Lewiss Chain Stores, says his company is "so confident that the public will begin to spend more money that we have placed forward orders for more than $1 million worth of goods."

Textile Labor Rebels

With the coal stoppage averted, railway wages again are in the picture. Sixty unions have refused to accept cuts proposed by the owners. The worst cloud on the labor horizon is in Lancashire where textile mill owners have announced their intention to inaugurate the "more loom" system on Jan. 5 against the resistance of organized weavers, thus threatening stoppage of 20,000 workers, with later reactions of 250,000 workmen in the manufacturing section, and 100,000 in the finishing section. The weavers are not opposed to the principle of having one worker tend more than the customary 4 looms, but they declare that the new wage terms are harsh and undesirable. The owners are countering that the new wage will mean more money to the individual worker and a consequent reduction in production costs in the new system, which will eventually lead to wider employment. Conciliation machinery is expected to avert a stoppage but the position is nasty.

Industrial Party Urged

The slump has become the leading issue in British politics. Although Premier MacDonald has exchanged the Trades Disputes Bill for the Electoral Reform measure in order to secure the support of the Liberals, he is now threatened with a serious revolt within his own party and the possible formation of a new industrial party including young Labor, Tory, and Liberal members joined in one group for the purpose of ending the trade slump. Ex-Minister Mosley, once a young Tory leader and now a dynamic figure in the Labor party, has issued a manifesto signed by 17 Labor members denouncing the failure of the old parties to face the unemployment problem and demanding that the following steps be taken: (1) an emergency cabinet of 5 ministers be appointed with powers to carry out an emergency policy; (2) a national planning organization be formed to assist in the development of new industries and the modernization and rationalization of industry; (3) an import control board be formed to buy foodstuffs at a guaranteed price on agricultural products but with protection to the consumer; (4) a commodity board be named to license or control by tariff all imported manufactures; (5) trade agreements be made with the Dominions; (6) capital be loaned for short term construction works; (7) a public utility organization be created to expedite a house-building program.

Smaller Orders Worry French Industrialists

PARIS (*By Cable*)—The fall of Tardieu's "prosperity government" was the most significant event of the week despite the fact it disturbed business surprisingly little. During his 18-month term of office (broken only by one short interim) Tardieu accomplished the evacuation of the Rhineland, made a substantial reduction in taxes, introduced a scheme for national social insurance, developed a policy of agricultural protectionism and formulated a French 5-year plan for national investment. On the other hand, he failed to check, and even contributed indirectly towards, the inflation of gold currency prices which, even more than world depression, resulted not in a fresh access to prosperity but in a tendency toward the inversion of the previous prosperity cycle.

For once, business in France is in the grip of economic rather than political conditions. Prices are too high; domestic consumption is contracting. Exports are falling off, new orders scarce. Competition is severe, profit margins narrow, unemployment spreading.

Await Equipment Orders

That which is most important to business in the present political situation is the fate of the national equipment program which was expected to provide a valuable stimulus in 1931 with $200 millions in new orders. The desirability of the program is so widely recognized it will probably be enacted by any government which may be elected. There is real urgency for the formation of a new government to enable legislation on this measure before seasonal difficulties accentuate fundamental downward trends.

Reports from industries, with few complains of high prices and wages. exceptions, are not optimistic. Steel

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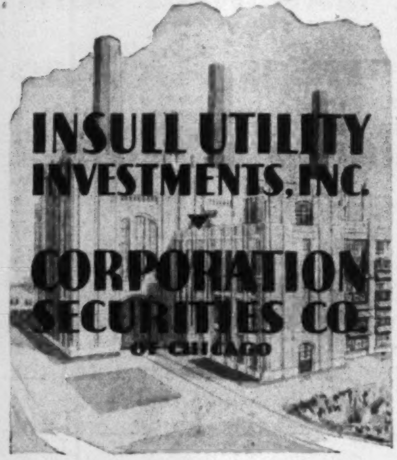
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complains of high prices and wages. Machinery, heretofore the most active industry, reports a rapid falling off of new orders as customers retrench. Many owners are now actually postponing still unexecuted re-equipment programs. The electrical equipment industry is living on heavy orders received during the early fall and is still well occupied, but even in this industry new orders are declining. Building is reported to be suffering more than a seasonal decline. Excepting Citroën, the automobile industry is hard pressed. Reports of difficulties in the Voisin, Delage and Talbot companies persist. Price cutting is general in the scramble to clear stocks. The year's estimated production is 172,000 units, compared with 215,000 in 1929.

German Political Calm Stimulates Business

BERLIN (*By Cable*)—Germany has settled back with a sigh of relief since the Reichstag voted to reject the motion for repeal of the emergency decree. The period of extreme agitation in German politics seems to be at an end and business is looking forward to several months less disturbed by political troubles. The Reichstag is expected to adjourn at the end of the week until early February when it will resume work on the budget bill which has now passed its first reading. Meanwhile the Bruening cabinet can devote all its energies to carrying out the provisions of the emergency decree, completing the price reduction campaign, and fighting unemployment which, at the end of November, had reached a new peak with 3,700,000 out of work.

The pessimistic tone of the quarterly report of the Institute of Business Research just issued is a great disappointment to business, which was hoping for improvement after the recent months of political turmoil. Special interest is manifest in the part of the report dealing with public finance. Federal treasury estimates for fresh credits from now until the end of the fiscal year—besides the carryover of credit of $40 to $80 millions and including the requirements of various states and communes—will total from $130 to $170 millions.

On the other hand, sentiment is somewhat cheered by a recent speech by the steel leader, Kloeckner, who definitely opposes the current view of chronic over-capacity in the German steel industry and prophesies better business in the spring. The impetus, he declares, will come from better exports, notably to eastern markets including India and China.

The tempo of the price reduction program is diminishing. Dr. Bruening, in a speech during the debate on the emergency decree, admitted that indefinite indulgence in the price reduction talk would be detrimental to business since the expectation of further price cuts is already paralyzing buying. The government intends to carry the program through expeditiously until the pre-fixed limits are reached and then terminate the policy. Beyond these limits, development will be left to free economic forces. However, Dr. Bruening declares that, except for textiles, the pre-arranged limits have not yet been reached.

The domestic grain market is firmer. For wheat, this is due to the maintenance of a domestic milling quota for December and January which requires that all millers use 80% domestic wheat. Rye is supported, according to the emergency decree, by the demand for 30% admixture in all wheat bread.

Business Dull, Latin Countries Seek Loans

UNTIL new financing takes place, Latin American business is likely to be inactive. And with conditions in most countries unsatisfactory, American business men are inclined to view pessimistically trade prospects in the immediate future.

Among the many pending Latin issues, the largest are the $42-million loan asked to stabilize the Cuban industry; $40 millions requested by Santo Domingo for reconstruction and commercial development; a large bond issue for Mexican refunding purposes; the new requests to be made next week by Bolivian bankers to mitigate immediate amortization requirements; $60 millions sought by Chilean nitrate interests; and the probable request here or in London for loans to Brazil. Dullness on the American bond market is likely to limit new issues to a minimum for some time.

Argentina continues to send gold to New York to cover service charges on loans. The peso is gaining strength. The Brazilian Agricultural League is seeking a way to exchange surplus coffee for Russian wheat without officially recognizing Soviet Russia.

Cuba has reached an agreement with the Javan-Dutch interests for sugar restriction and is now negotiating with European beet producers (page 24).

German Utility Surrenders To Private Ownership

BERLIN (*By Cable*)—Two of West Germany's largest utility companies—Rhine-Westphalia Electric Co., owned jointly by the heavy industries and by the communes, and the Westphalia United Electric Corp., until recently owned exclusively by the communes, have announced a working agreement.

While the interest recently acquired in the Thuringia Gas Co., dominating electric power factor in Middle Germany, by the Prussian and Saxon state governments means the extension of state control of public utilities, the present transaction is tantamount to the surrender of the electrical field to private capital by the West German communes. The agreement is expected to be followed soon by complete merging of the 2 companies.

Rhine-Westphalia was founded by Hugo Stinnes, who conceived the ambitious plan of unifying control of the supply of electric energy in the industrial West German area. Westphalia United was formed by those communes opposed to the Stinnes plan.

American money entered the Westphalia United on a large scale last June when the company, because of too rapid expansion, was forced to reorganize. A banking consortium including Harris, Forbes, the Deutsche Bank and Disconto Gesellschaft financed notes for $15 millions, with the option of converting to stock up to 1934.

Western Chamber Asks Anti-Trust Law Revision

CHARACTERIZING the federal anti-trust laws and their restrictions on self-regulation as an outstanding cause of industrial overproduction and waste, spokesmen for the Pacific Coast oil and lumber industries came before the Western divisional meeting of the Chamber of Commerce of the United States in Portland, Ore., this week, to urge that the national chamber get behind a movement to bring about modification of the laws. The convention officially recommended such action. Herbert R. Macmillan, president of the California Oil & Gas Association, represented the oil group, and W. B. Greeley, manager of the West Coast Lumbermen's Association, spoke for the lumber industry.

The meeting also voted to ask the national chamber to study problems raised by the silver depression and the diminished purchasing power of silver-using countries.

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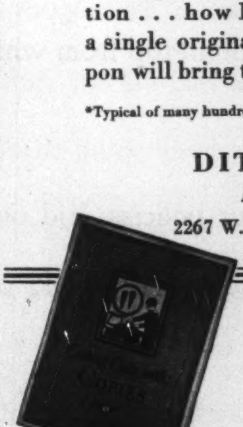

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BAD TIMES ARE GOOD TIMES TO BE BORN IN

SEPTEMBER, 1929 . . . The wise ones wagged grave, negative heads . . . What a time to start a new business publication on its long way!

TURN BACK YOUR MIND to that September month. Vacation time over, the great American public prepared to ride on an ever-mounting prosperity. The daily press, stuffed like a Thanksgiving turkey with bullish news, saw no end to the skyward ladder. Monthly résumés added their upward pressure. Securities quoted at 300, would go to 700. The New Era here and ahead!

WHAT DID YOU, yourself, foresee? You, and other business leaders, knew that everything was not right. You saw business profits diminishing while security prices and money rates continued upward. But, your correct information on individual businesses was overwhelmed by the flood of propaganda. There was no single source of unbiased news to confirm your own good judgment . . . no mountain-top from which you could scan the condition of all business.

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Wide Reading

THE FIRST STATE PROGRAM FOR EMPLOYMENT. *Survey Graphic,* December. New York's experience. Ideas for other states.

THE RAILROAD PENSION PROBLEM. Henry E. Jackson. *Railway Age,* Dec. 6. Why it is essentially like that in all other business organizations and could be solved permanently and inexpensively.

LODGE DOCTOR. Lewis G. Arrowsmith. *American Mercury,* December. One racket in the medical profession.

FORD STIRS UP EUROPE. Jonathan Mitchell. *Review of Reviews,* December. High wages for a new standard of living. Not all Europe agrees and some industrialists are displeased.

THE DWINDLING DYNASTIES. John T. Flynn. *North American Review,* December. American dynasties of wealth are short-lived. Informal sketch of the wealth of families 90 years ago and now.

INDIVIDUALISM GAINS IN RUSSIA. Burton K. Wheeler. *Nation's Business,* December. Senator Wheeler finds that Moscow rewards individual effort without upsetting the basic theory of communism.

LOOKING INTO A CITY: PITTSBURGH. *Fortune,* December. Built on tonnage and pointed toward technology. Industries which make the city.

MYSTERIES OF THE PAY ENVELOPE. W. F. Watson. *Cornhill Magazine* (London), November. Problems of the British wage earner. Of interest to employers and labor specialists.

HURDLING THE CUSTOMS BARRIERS ON YOUR MAILINGS TO THE FAR EAST. Roberta Wakefield. *Export Advertiser,* December. Advice to exporters cultivating markets in the Orient.

HOW THE CABLE TRUST HAMSTRINGS SINO-BRITISH TRADE. *China Weekly Review* (Shanghai), Nov. 1. British-Danish monopoly refuses lower rates. American competition likely to cause change.

THE OYSTER. *Fortune,* December. Considered economically and gastronomically. Oystering as an industry.

REPORTS—SURVEYS

MEMORANDUM ON INTERNATIONAL TRADE AND BALANCE OF PAYMENTS 1926-1928. League of Nations, or World Peace Foundation, Boston, $1.50. Vol. II—Balances of Payment. Valuable, though incomplete, information on the movements of international payments for 23 countries; and

Vol. III—Trade Statistics of 64 Countries, $2.50. Record of imports and exports with provisional data for 1929. Merchandise trade classified by principal countries and by type of article both for value and weight.

ECONOMIC CONDITIONS IN THE PHILIPPINE ISLANDS, 1927-1930. Thomas Harrington. British Library of Information, New York, 38 pp., 45 cents. British interpretation of trade possiblities in the islands.

REPORT OF THE BRITISH COAL DELEGATION. British Library of Information, New York, 142 pp., 20 cents. Very frank admission of trade losses in Norway, Denmark, and Sweden, with suggestions for regaining a part of this market.

What the Figures Show

THE weeks preceding the Christmas holidays usually have little noteworthy in the way of business activity, except in retail lines. A further decline this week reflects the stagnation in productive and trade channels as evidenced particularly in steel, building construction, coal production and carloadings. Domestic consumption of coal, electricity, and the usual consumer commodities continue in fair volume, considering the unsatisfactory state of employment. *The Business Week* Index of Business Activity based on four trade series and four production series (which have each been adjusted for variations in season, year-to-year growth, and price) touches a new low at 77.1% of normal compared with 80.3% the preceding week and 99.7% a year ago.

	Latest Week	*Preceding Week*	*Year Ago*
THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	*77.1	80.3	99.7
Production			
Steel Mill Operation (% capacity)	37	39	64
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$10,657	$11,168	$17,378
Bituminous Coal (daily average, 1,000 tons)	*1,671	†1,482	1,957
Petroleum (daily average, 1,000 bbls.)	2,229	2,266	2,631
Total Electric Power (millions K. W. H.)	*1,870	*1,790	1,950
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	128	130	152
Check Payments (outside N. Y. City, millions)	$4,881	$4,514	$5,787
Money in Circulation (daily average, millions)	$4,638	$4,580	$4,897
Wheat Receipts (1,000 bushels)	3,205	6,379	4,234
Cotton Receipts (1,000 bales)	412	509	425
Cattle Receipts (1,000 head)	*210	120	205
Hog Receipts (1,000 head)	*646	†427	795
Wool Receipts (1,000 lb.)	6,735	2,635	3,519
Prices (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$0.71	$0.70	$1.25
Cotton (middling, New York, lb.)	$0.105	$0.107	$0.174
Iron and Steel (composite, ton)	$31.84	$31.84	$35.95
Copper (electrolytic, lb.)	$0.108	$0.108	$0.178
All Commodities (Fisher's Index, 1926-100)	80.7	80.6	92.7
Finance			
Total Loans and Discounts, Federal Reserve reporting member banks (millions)	$16,516	$16,527	$17,538
Commercial Loans, Federal Reserve reporting member banks (millions)	$8,747	$8,766	$9,649
Brokers' Loans, New York Federal Reserve member banks (millions)	$2,099	$2,111	$3,425
Federal Reserve System Ratio	79.2	79.8	71.6
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	7,805	8,175	22,854
Stock Prices (N. Y. Times, average 50 stocks)	$157.56	$159.27	$210.90
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$45,736	$39,329	$81,327
Bond Prices (Dow, Jones, average 40 bonds)	$94.92	$95.40	$94.42
Interest Rates—Call Loans (daily average)	2.0%	2.0%	4.5%
Interest Rates—Time Loans (daily average)	2-2¼%	2-2¼%	4½-4¾%
Business Failures (Dun, number)	598	461	455

***Preliminary** **†Revised**

Steel Industry

The decline in the operations of the steel industry to about 37% of ingot capacity is comparable with 1921. The adjusted weekly index fell to 52.4% of normal against 54.1% the preceding week. If history repeats itself in the steel trade, a rapid increase in the production rate can be expected after the first of the year. Following the low rate of activity in December, 1921, production increased to over 70% of capacity before June and reached approximately 80% by the end of the year. The recent report on tonnage by the American Iron and Steel Institute indicates that November, 1930, production totaled but 2,234,482 tons, representing a rate of activity of 44.6% of capacity, a rate comparable to that of November, 1921, which had a tonnage of only 1,896,000 tons. This tonnage is the smallest for any month since the summer of 1924 and 18% lower than October, 1930. Production for the eleven months of 1930 falls 27% behind the exceptional year 1929, and is exceeded also by every year since 1925.

More encouraging news in the steel industry is afforded by the report on unfilled orders of the U. S. Steel Corp., revealing an increase of 157,873 tons over October, which in turn had shown an increase over September. Apparently the effort to stabilize prices has stimulated the placement of orders for future delivery—particularly in steel rails. Rail contracting has been delayed for more than a month, but the prospects for good-sized orders from two large Eastern roads strengthen expectation of an upturn in production early in 1931. Tinplate contracting for the first half of 1931 is practically completed, according to *Iron Age*, while the resumption of pipe line buying promises renewed support for the industry. The automobile industry still presents but a distant promise of orders. The November estimate of 124,000 cars and trucks in the United States and Canada represents the lowest total for any month since 1922, with the single exception of December, 1929. Structural steel awards of some 53,000 tons were comparatively large, while new projects of 91,000 tons are under consideration.

Construction in the 37 states east of the Rockies as reported by the F. W. Dodge Corp. for the first week of December is maintaining the level of November. Our adjusted index of this series based on a four weeks' average declined fractionally from the preceding week from 65.4% of normal to 64.3%. The monthly data for November confirm the comparisons of November building made in last week's issue. Total contracts awarded were valued at $253,573,700 against $337,301,400 in October and $391,012,500 in November, 1929. Residential awards totaled $80,781,900 compared with $104,670,300 in the preceding month and $113,522,800 a year ago. The sharpest decline occurred in the group "public works and utilities" where $71,695,800 were contracted in November against $111,195,900 in October and $72,361,100 in November, 1930. The months from November through February usually form the bottom months of every year's construction activity, so that little may be expected in the way of a sharp revival in this industry before spring.

Bituminous coal production reflects the curtailment of output to consumption requirements, though the Thanksgiving week revealed a daily output somewhat greater than that of the preceding week. Hence our adjusted index rose from 66.8% of normal to 76.1%. The annual output is expected to be the lowest since 1922. Demand for coal for domestic purposes has been steadier than demand for steam coal; the latter has suffered in price with restricted consumption and accumulating supply.

Electric Power Production

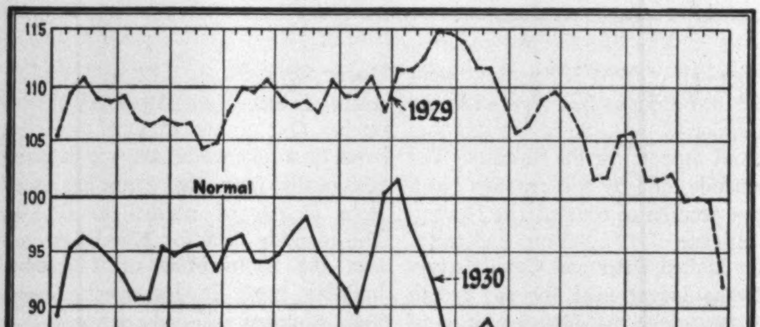
Electric power production recovered sharply after the holiday week, but barely exceeds the output of the holiday week of 1929. When the week's production is adjusted for the normal seasonal increase and year-to-year growth, a fractional decline of the index results—92.3% of normal against 92.9% the preceding week. The electric power series approaches the normal level closer than any of the production indexes in our general index, but this is probably due to the support given by domestic consumption rather than by industrial demands.

The latest report on car loadings refers to the holiday week of November and therefore reflects a sharp drop in trade activity for the week. Placed on a daily average basis, with Thanksgiving rated as half a business day, the decline is less severe than in 1929 and 1928. Coke and coal shipments were the only groups to show increases over the preceding full week. Miscellaneous and merchandise shipped as less than a carload to a consignee declined more abruptly than any other group, so that our adjusted index of these classes fell from 75.6% of normal to 73.5%.

General Trade Activity

Trade activity indicated by the volume of checks debited to individual accounts increased over 9% in the 141 large centers of the country during the period including the Thanksgiving holiday. New York City check payments were greater by 10.6%, while in the 140 cities outside of New York, the volume was greater by little more than 8%. A fairly steady decline has occurred in this series since late in September. Our adjusted index of this series now stands at 82.9% against 91.8% the preceding week. The monthly totals for November confirm the trend of the weekly figures, the debits in the 141 cities falling 23% behind October, and in the 131 cities outside of the large financial centers, the figures show a 15% decline. However, that November should be lower than October is the normal trend; December should show an upturn.

The volume of currency in circulation, also indicative of trade activity, showed the expected seasonal upward trend, but was somewhat less than allowed for in the process of adjusting these figures. Our index declined slightly to 100.3% of normal compared with 101.9% the preceding week. This sluggishness is seen in the volume of department store sales, which on a daily basis increased 2% over October, but declined 3% when adjusted for the normal seasonal change.



The Business Week's weekly index of general business activity, first of its kind, is based on eight series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the index see *The Business Week,* May 7, 1930, p. 39.

Wheat prices have fluctuated in a narrow range, with continued Farm Board support, particularly of May wheat. Cotton prices declined in spite of the government report of a crop of 14,243,000 bales, a decrease of 585,000 bales from 1929 and 235,000 bales from 1928. The unsuccessful efforts of stabilization of Egyptian cotton, a slightly less favorable report for textile sales and shipments relative to production aided the slump of prices to new lows for 1930. Copper activity is usually low in December and the export price has been officially lowered from 12.30¢ to 11.30¢ in the hopes of stimulating foreign buying. Large producers are holding aloof in anticipation of better prospects in 1931. The steel composite price based on 14 items remains unchanged. Only fractional variations occur in the wholesale price indexes of both Fisher and the National Fertilizer Association.

Bank credit as measured by total loans and investments fell off $65 millions during the week, largely as a result of declines in investment of securities and commercial loans. The adjustment for price, season and annual growth of the latter series resulted in practically no change in the series, our index standing at 106% of normal against 105.9% the preceding week.

Commercial failures mounted sharply after the holiday week as is customary, but the level of 600 a week has not been approached since February.

Money and the Market

UNSETTLEMENT of the securities markets this week reflected renewed banking difficulties and the continued cheerlessness of business. Common stock averages hover at the year's lows with individual issues going further down. The bond market had probably its worst week of the year.

The week's developments revived hesitating bears, bringing renewed selling from that source. The low prices of stocks also provide a splendid opportunity to establish losses to report for income tax purposes. While this selling usually is accompanied by an equivalent amount of buying, it adds another unsettling force.

Amid the general uncertainty, few of even Wall Street's more hopeful souls found the largest increase in steel unfilled tonnage for any November since 1925 sufficiently reassuring. Fears that the unsettled financial situation and a poor securities market would have a retarding effect upon Christmas trade added to the uncertainty.

Stocks Decline

The accompanying chart shows the steady drop in common stock prices, participated in equally by the 3 major groups—utilities, industrials and rails. Some stop-loss orders were uncovered on the way down and some inevitable distress selling put more stocks on the market. Though still low, the volume of sales tended to grow with the decline.

Bond prices continued to go lower and weakness developed in some of the higher-grade issues which, heretofore, have held up fairly well. The Dow, Jones average of 40 leading issues receded to a new low for the year. In this market, too, volume of sales tended to increase on the way down.

The decline in bonds reflects sales to protect stock holdings and, through the convertible issues, accompanies the weakness in the stock market. Institutional selling from fear that some issues may be stricken from the legal list brought these issues to the market. The latest weekly bank report shows at least a temporary halt in bank buying for investment, which has been chief source of such strength as senior issues have had.

Government Issues

Government obligations were irregular, the price apparently having risen to a point where the yield is so low that many institutions are unwilling to stock up further. New government financing for December, announced this week, will be on a short-term basis at about the lowest rates the government ever has obtained money—other than through bills sold at a discount.

Central bank statements this week showed the usual seasonal trend, money in circulation rising in anticipation of the holiday season with the accompanying increase in Federal Reserve credit. Most of the increase this week came through purchase of bills and securities by the Reserve system.

Brokers' loans declined another $12 millions, accompanying stock prices downward. The Stock Exchange report this week showed that the ratio of brokers' borrowings to total listed stocks was 4.06% on Dec. 1 against 4.65% a month earlier. The total valuation of shares listed on the exchange on that date was $53,311 millions, down $1,713 millions from the preceding month, partly accounted for by a decline in the number of shares listed.

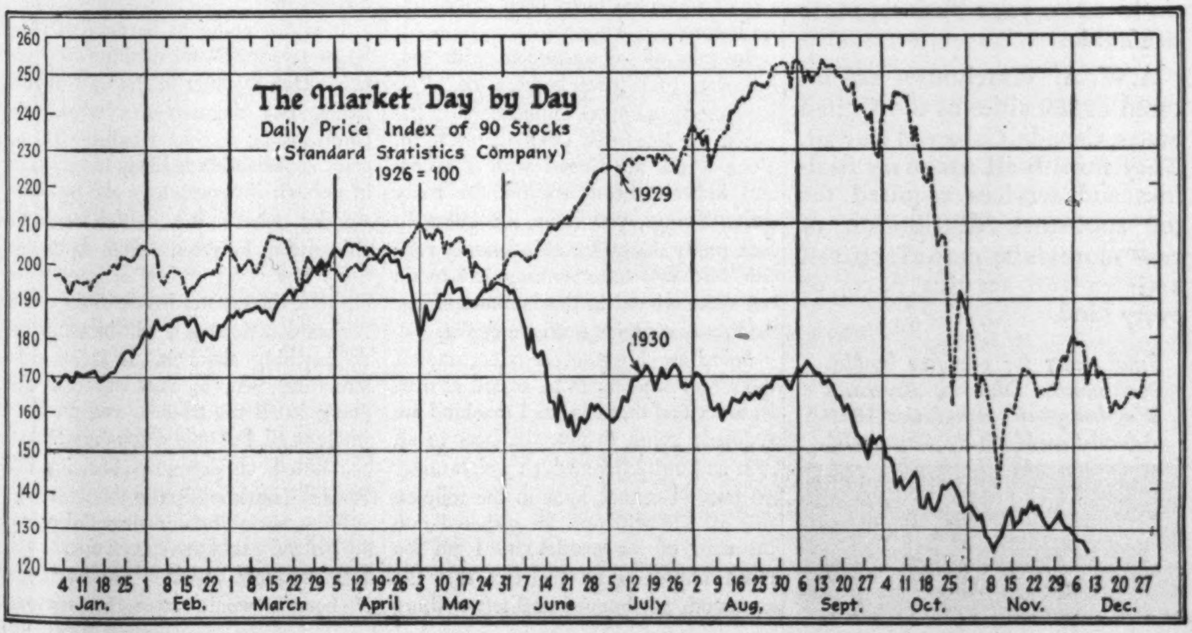
Bank credit, as measured by the weekly reporting member banks, continued to decline as is seasonal, the drop largely accounted for in investments. Time deposits took an unusually sharp drop.

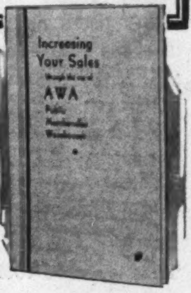
Gold Movements

Abroad, the Bank of England's continued gold losses constituted a disturbing factor. Germany was a heavy taker of the metal. However, sterling exchange on New York improved considerably. The Bank of France is buying sterling in an effort to prevent a further gold flow to Paris, and the Federal Reserve Bank may be doing the same thing. The crisis in sterling thus seems to have been passed, at least temporarily.

Gold continued to come to the United States, considerable amounts from Latin America. Canada sent in $5 millions, returning in part the metal shipped there during recent months.

Conferences in New York and Washington participated in by Gates McGarrah, president of the B.I.S., and financial officials of this country brought no news, though rumors of international financial cooperation continue.





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AMERICAN WAREHOUSEMEN'S ASSOCIATION

The Dublin Letters

To Ben Frost, Regarding His Suggestion for a Merger With the Loomis Agency

The "Hawk's Nest"
New Hampshire
August, 1928

Dear Ben:

It was pleasing to receive your letter with its characteristic breeze of ideas and its well argued suggestion that we take over the Loomis Agency.

I quite realize that the restless imperialism of our democracy is sketching in another era with Bigness for its trademark and we are all supposed to rise and sing that good old hymn "Blest Be the Tie That Binds"—in mergers.

Probably we shall merge everything this trip: safety pins, automobiles, socks, soap, rat-biscuit, lip-sticks, ketchup, thumb tacks, railroads, steel, collar buttons, banks, department stores, Chink laundries, beehives, condensed milk, pie foundries, hot dog roadside igloos and, of course, advertising agencies.

Lest you think I'm an old bug in a rug with lint over my eyes let me hasten to say that I know the destinies of the U. S. A. must be expressed, for one thing, in terms of scale. I also know there are two ways to grow: one is by yourself and the other is by gang-work.

So, I can get your picture—and agree with it—that the next decade will see our economic and financial waters thrashed and all a-foam with a new school of commercial whales swimming and cavorting in the public gaze and spouting streams of capitalizations the like of which has never been looked upon before.

In spite of my agreement with you, however, your letter bothers me. You have crocheted some implications in between the lines that catch in my teeth. Your words are tinged with a sallow and indirect threat towards the runty guys. Things, you infer, are going to look pretty skinny for all us measly panfish who will have nothing left to do but swim around in the shallows of our inferiority complex until we expire.

Somehow I cannot convince myself the set-up is going to be as bad as that. I cannot feel that God and mankind are suddenly going to give the boot to all men and institutions which weigh under 10 tons. I cannot joint in the religion that all life will now be gathered into the maw of the ponderous. I am too much impressed by the fact that the mammoth got bogged and left nothing but a few bones for museums. And, conversely, that the Mediterranean fruit-fly is contemporary and raising a lot of hell.

You say that "consolidation is a mode of economic and financial thought that must run its course, and until it is superseded by some other mood, ideal, or fashion the human tendency will be to concede many virtues to it." Well, I guess that is true enough.

Yet, returning to my metaphorical mammal the whale, I seem to be obsessed with the notion that all these new-born whales are not going to get a guarantee of health, success, and longevity written into their birth certificates. Some of them are bound to be defective—cock-eyed, brain shy, lopsided to the starboard, heavy in the tail, or what not. Others, naturally, will possess the genius and circumstance of conception which will make them constitutionally big bulls of the deep. More power to them. Congenitally it will be coming their way.

As for the other crowd, those imperfects and biological rejects—they are the ones whose fate I reflect upon with timidity. There's an awful wide chance to make mistakes in the whole business, Ben. It takes a certain *inevitable temperament* to get away with it. A bit of luck, too. A sinewy endurance which is not a common possession. And a monopolistic disposition, possibly, thrown in.

It is not going to be enough for 4, let us say, small and medium-sized outfits to club together in the heat of emulation, buy themselves a whale skin, climb inside, and act whalish. The organic coordination is likely to be lacking in enough instances to make onlookers wonder what's the matter with the animal that he cannot seem to do anything but swim around in circles. By the time the quartet inside discover they are not functioning it will be too late to do anything about it. It is an awful sensation, Ben, to find out that after going to all the trouble, you are not a whale at all, but only 4 Jonahs who have committed taxidermy. (For instance: Perkins-Thurlow Textile.)

Now, shrinking ourselves down from the general panorama to our own specific little business kodak, I am wondering if Loomis would strengthen us very much. The $2½ millions worth of billing that the Loomis Agency would bring into our shop is a comparatively minor item when put alongside the question mark which would punctuate the deal. The question is this: How much additional *power* would we gain from the combination?

More power is what we need, Ben. Not the mere bulk of numbers but the radium content of rarer brains and imagination. I suppose the Loomis bundle of talent might shake out a couple of substantial second-rank men, but no headliners—outside of Leroy Loomis himself.

Even Leroy has an *x*. He has developed his own unique monologue—a distinctly personal thing so striped with his own individuality that I don't know whether he could even speak our language or re-train his eye to squint through the keyhole of our equally distinct and successful methods.

He might just become the stutter and the blind spot of our otherwise smooth-speaking and sharp-seeing gang. And he would be unhappy. So might we. We would be a married woman with a *problem*, because Leroy would never give us grounds for divorce. He would be faithful, honest, and kind—but a thorn in our backside.

Mind you, this is not a flat turndown. For the next couple of months how would it suit you to carry on a series of neighborly conversations with Loomis, acquainting him with our manners and beliefs and watching to see if he takes on any of our coloration?

No negotiations, of course—I don't need to mention that—but a swapping of spirits and a lying down together of minds. Won't that be all right for the present?

Finest regards,
J.W.D.

Welded Construction Gets Biggest Test

A SEVERE test of electric welding in building construction is to be given in the erection of the $1-million manufacturing building begun for the Pittsfield plant of General Electric Co. More than 55 ft. long, 150 ft. wide, and 70 ft. high, it will probably be the largest all-welded structure of its kind. The entire building will be of steel and glass on a concrete foundation. Welded steel pilasters will replace the conventional brick type. A welded steel blanket covered with waterproof compound will form the roof.

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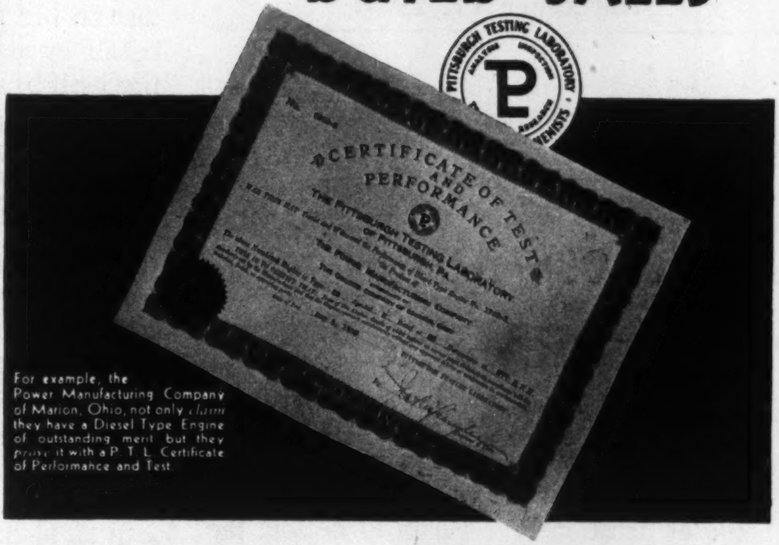
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THE BUSINESS WEEK

The Journal of Business News and Interpretation

December 17, 1930

Business Must Hold the Line

WE have noted that in recent weeks many of those who a few months ago were most uncompromising about the virtues of the castor-oil bottle of deflation have begun to deplore the tendency to drain it to the last drop. After teaching us that the more thoroughly deflated we could be now the more prosperous we would be anon, they now tell us that things have been going too far and that "business is more depressed than it need be." You begin to hear murmurs of tentative approval for copper, steel, sugar, and oil producers who seek to sustain prices. Faint cheers are forthcoming for the Farm Board, when it at last determines to peg the price of wheat. In their breasts rises a wistful hope that the central banks may have determined upon cooperative action to check deflation.

This is fine and dandy, only we wish that these belated comers had stood up with us and supported our voice when we were singing hymns to these policies several months ago. Nothing good is ever too late; but depression is paved with good intentions. There can be no recovery from genuine, world-wide deflation such as has been permitted to take place during the last half of 1930 except through an equally drastic compensatory process of inflation. The basis for this has been laid in the unprecedentedly liquid position which our banking system has attained during the past year; but initiative, energy, and organized leadership are necessary to start it. Eventually it will be forced upon us by dire necessity and dangers we now refuse to face or understand. But it has been so long delayed that for a considerable period, which we cannot now estimate, business will have to adjust itself to the strains and stresses of deflation, and base its policies on the assumption that no big guns are going to be fired on its behalf by anybody. It will have to hold the line itself by sheer grit and intelligence.

What this means, specifically, is a long story, to be told bit by bit in these pages and in the experience of business during the coming year. The essential thing to remember is that, until the compensatory process of inflation is organized and initiated, the general price level will tend to remain considerably below the average of the past five years, and those commodities that are still out of line will be under pressure of readjustment to that lower level. This readjustment can and should be resisted by organized business so far as may be; but there will be limits, political and other, to what can be accomplished in this way. At the same time, wages and standards of living in this country will and should resist any corresponding readjustment with unprecedented and surprising intensity. If American business is wise it will support such resistance in every possible way. The less it does so the more it will be subjected to political pressure and governmental burdens. The more it does, however, the more it will be driven to cut costs through improved methods and management with a speed and severity such as has never before been seen in this or any other country.

So until the great tide of deflation is turned by fundamental forces, the salvation of business, not only as regards its balance sheet but also as regards its relation to government, lies in its own hands.

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